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ABSTRACT

In the introduction to this book, Lee Cohen notes that difficulties in allocating resources are as old as recorded history, and that just solutions must evolve and adapt with the changing society. The concluding statement that only with a full understanding of the divergent approaches to justice can intergenerational policies be forged leads to the papers which comprise the major portion of the book. The papers, which are organized under five sections providing historical, whole-life economic, sociological and anthropological, philosophical, and additional economic perspectives on justice across generations, are as follows: (1) "The View of Rabbinic Literature" (Wechsler); (2) "Age versus Youth in U.S. History: Do Depression-Era Patterns Presage Trends in the 1990s?" (Achenbaum); (3) "Measuring Intergenerational Equity" (Moon); (4) "Justice and Generational Accounting" (Kotlikoff); (5) "'Justice' across Generations (and Cohorts): Sociological Perspectives on the Life Course and Reciprocities over Time" (Bengtson and Murray); (6) "Cultural Frameworks and Values in Intergenerational Justice" (Rubinstein); (7) "Japan's Debates about an Aging Society: The Later Years in the Land of the Rising Sun" (Kelly); (8) "The Prudential Lifespan Account of Justice across Generations" (Daniels); (9) "Justice between Neighboring Generations" (McKerlie); (10) "Majority Vote and a Just Age for Greed" (Cohen); (11) "Expectations of Well-Being across and between Generations" (Hushbeck); and (12) "We Should Save More in Our Own Economic Interest" (Buchanan). In addition to the 12 major papers, discussions of the papers are included in each of the five sections. Closing remarks are provided by John Rother. (NB)

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JUSTICE ACROSS GENERATIONS

What Does It Mean?

A Publication of the
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AARP

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Justice Across Generations

What Does It Mean?

Edited by
Lee M. Cohen

A Publication of the
Public Policy Institute

AARP

American Association of Retired Persons

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The Public Policy Institute was formed in 1985 as part of the Division of Legislation and Public Policy of the American Association of Retired Persons. One of the missions of the Institute is to foster research and analysis on public policy issues of interest to older Americans. This book represents part of that effort.

The views expressed herein by the authors are their own, and are presented for information, debate and discussion, and do not necessarily represent formal policies of AARP.

Justice Across Generations: What Does It Mean?

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Foreword

Lovola W. Burgess, President, AARP

Every two years when a new AARP president assumes office, he or she selects a theme for his or her term. I have chosen intergenerational action as the theme for my presidency. Our new intergenerational focus builds upon the strong foundation established by the education theme of our previous president, Bob Maxwell. During his term, AARP worked to help combat illiteracy and promote excellence in education for Americans of all ages.

I hope that during my term, AARP's special focus on intergenerational action encourages individuals to address the problems that cut across generational lines and affect people no matter where they are in the life cycle. And I hope our intergenerational theme promotes public awareness that older Americans represent a vast pool of talent which can be tapped in meeting the needs of younger generations.

Actually, our intergenerational focus is not really "new." At AARP we are guided by a vision statement that says, "Bringing lifetimes of experience and leadership to serve *all generations.*" We realize that as an association, we need to serve people as they grow older, not just serve the older members of our society. We must serve people throughout the *entirety* of their life.

Our association is active in seeking ways to promote meaningful ties between older Americans and younger generations of Americans. We care deeply about the problems that plague families and communities all across this land. We share their concerns about economic security, health care, education, and the environment. After all, the lives of our 33 million members are intricately intertwined with the lives of younger Americans. We are the parents and grandparents of two generations of younger Americans. We know that the well-being of our children and grandchildren is vital to the prosperity and continuing strength of our nation. Our concern for children's and family issues have led us to form intergenerational partnerships with organizations like the Children's Defense Fund and coalitions such as Generations United.

As a nation, we are confronted by some hard-to-ignore socioeconomic and demographic trends: changes in the family structure, ever-diminishing public resources, the aging of our population—just to name a few. These developments lead to the inevitable public policy questions of how to meet the needs and interests of the different generations effectively and how best to allocate what resources we have.

Intergenerational issues have been getting—and will continue to get—a lot of attention in the media. Unfortunately, radio and television stations, newspapers, and magazines will continue to do inflammatory stories on perceived "tensions" among the different generations in this country. After all, sensational headlines about so-called "conflicts" and inequities" are attention-grabbers. But I sincerely hope Americans will not slip into adopting a confrontational stance that pits generation against generation in a competition for attention and resources.

Instead, we should focus on what we, as a society can do to help Americans *of all ages* improve the quality of their lives. America needs to adopt a national approach that stresses the "interconnectedness" of all our lives, and the *interdependence* of all generations. As a nation, we must encourage all members of our society to participate in a meaningful discussion about intergenerational relations, the attitudes and perceptions of young and older Americans toward each other, and the responsibilities different generations feel toward each other.

Throughout our 35-year history, AARP has been actively involved in addressing intergenerational issues: economic security, education, consumer protection, work opportunities, and health care reform.

That's why we at AARP are very pleased to present in this book the views of respected scholars who will address the issue of intergenerational justice from the unique vantage point of individual academic disciplines.

There are no easy answers, but this volume, and the conference it is based upon, mark the opening of—what I hope will be—an ongoing dialogue between our association and leaders in academia on the question of justice across generations.

Introduction

Lee M. Cohen

Justice, justice thou shalt follow, that thou mayest live, and inherit the land. . . .
Deuteronomy 16:20

". . . [W]e have handcuffed the young [and] mortgaged their future" (Lamm 1985, 2).

[The economic benefits derived from older persons] "do not compensate for the burden they place on local government."[1]

". . . [I]f current trends continue, conflict between the generations is inevitable."[2]

Perceptions of intergenerational tensions and injustices are nothing new. Thinking on the subject as far back as biblical times suggests that justice has long been an important criterion for transferring wealth among generations. Late in the twentieth century, we still have not come to a clear understanding of what constitutes justice between and across generations. But an undercurrent of dissatisfaction evidenced in the media suggests the importance of our continuing to seek a just intergenerational distribution of resources.

How should we think about "justice across generations"? Several disciplines are able to offer partial answers to the question. Historians might look at obligations that older and younger persons in the past had toward each other and assess the extent to which the nature of those obligations has changed. Anthropologists might compare intergenerational relationships across different societies in search of a universal notion of justice. Philosophers might focus on whether the good and bad in one person's life can be compared with the good and bad in another person's life. Economists might explore the allocation of public goods to persons of different ages, and ask whether any given concept of justice can be achieved economically. Sociologists might focus on how families allocate the burdens of caring for their old and young, and how those burdens are affected by public programs.

In April 1992 the Public Policy Institute of the American Association of Retired Persons (AARP) sponsored a conference with the goal of finding common themes and frames of reference regarding the phrase "justice across generations." This volume contains the papers and discussions of 22 invited researchers who participated in the conference. The researchers discussed their personal and academic discipline's views on intergenerational justice, and commented on the existence of controversies both within and across disciplines. This volume is a compilation of the presentations and formal discussions representing the perspectives of theology, history, philosophy, economics, anthropology, and sociology.

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[1] From a survey of younger persons in Florida by Walter Rosenbaum and James Button, reported in Galloway 1992.

[2] Paul Tsongas, quoted in Eckholm 1992.

Background

Political scientist Walter Rosenbaum claims that in the past older people didn't have to fight for their political gains:

> *There was a consensus that programs supporting the elderly were their due, an expression of gratitude and solicitude for lifelong contributions to family, community and country. That seems to be changing. Now people are questioning the standards we use to distribute entitlements to the old.*[3]

As Rosenbaum's research indicates, much of the recent public debate has addressed this fairly narrow question about the allocation of public resources across generations: Have the elderly received more than their fair share of government largess? Pointing to federal entitlement programs that provide between five and six times as much in benefits to the elderly as to children, critics have claimed there is a lack of balance. But the same critics often ignore state and local spending, which heavily favor young people over the elderly, primarily because of educational finance. By one estimate, total direct and indirect federal, state, and local spending for the two age groups is about equal (Gist and Male 1992).

The two largest entitlement programs for the elderly in the United States are Social Security and Medicare. Over the past two decades, these politically popular social insurance programs have helped reduce the poverty rate among persons over age 65 from 25 percent in 1968 to below 13 percent in 1990 (U.S. Bureau of the Census 1992a). Ironically, the past success of these programs in the context of today's economy and antitax climate may account for intergenerational tension. Social Security tax rates for workers are significantly higher than when the program started, and many current workers, looking to the future, do not expect the "return" on their payments to Social Security to be as good as the return current retirees are getting.

For example, Social Security benefits have increased in comparison with earlier cohorts, but if one were to analogize Social Security to a private pension, its value has declined. Persons who retired in the program's infancy received benefits many times over what they contributed. This result is inevitable in a system that has not fully matured—i.e., where not everyone has paid in over an entire working life under the same rules. As the system matured and workers paid increased payroll taxes[4] for more and more of their careers, they effectively paid more for their benefits than did workers who retired in the system's early years. Moreover, the value of current and future retirement benefits declined because of a freeze in the Cost of Living Adjustment (COLA), the taxation of benefits, and an increase in the "normal" retirement age. Despite the social insurance nature of the program, where contributions are not expected to match benefits, most beneficiaries will recover their full contributions. There is, however, a group of future retirees with high earnings histories that will not recover all their contributions (Kollman 1987; Cohen and Male 1992).

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[3] Rosenbaum, quoted in Galloway 1992.

The costs of entitlements other than Social Security are also projected to rise, which may also contribute to generational unrest. The combined costs of Social Security, Medicare (parts A and B), and the federal share of Medicaid are projected to rise from around 16 percent of national earnings in 1991 to over 42 percent of national earnings in 2025 (Koitz 1992). The projected cost has sobering policy implications. Unless the economy shows considerable growth, some set of policies will likely have to be changed, whether it be controlling the growth of entitlements, raising taxes, or reducing other budget items.

But if there is an increase in generational tensions, then programs for the elderly should not be singled out for blame. The gap in economic well-being between the old and young has widened as a result of an erosion in spending on programs for youth. For example, the real average monthly benefit of Aid to Families with Dependent Children (AFDC) per family in 1991 dollars has declined from $626 in 1970 to $388 in 1991. While the poverty rate has declined among the elderly, it has increased among children under age 18 from around 14 percent in 1968 to about 20 percent in 1990 (U.S. Bureau of the Census 1992a). Today's poor youth face increasing obstacles in overcoming their poverty as mounting federal debt transfers larger and larger economic burdens to children as they grow into taxpaying workers. Thus, if the seeds of intergenerational tension are taking root in government programs, they are not necessarily found in programs for the elderly.

Many researchers view age-based differences in government programs as central to the question of justice across generations. There is also a body of research that looks at justice across generations within a family, i.e., between parents and their children, and suggests how problems within families translate into problems of concern to public policymakers. This research points to the impact of longevity on family relationships, and the increased caregiving responsibilities that result, as a source of heightened intergenerational tensions.

Families, overall, will not have significant additional burdens in caring for their dependents; there will be only a 13 percent increase from 1950 to 2025 in the total support ratio (the number of persons aged 0 to 19 and 65 years and over per 100 persons aged 20 to 64 years).[5] But the same will not be true for mid-life caregivers. Over the same period, the *parent support ratio* (the number of persons 80 years and over per 100 persons 50 to 64 years) will see a threefold increase (U.S. Bureau of the Census 1992b, 124), thus highlighting the disparate impact of caregiving on mid-life persons. Longer lifespans, for example, have created the situation in many families where mid-life persons—predominantly women—have to care for their children, parents, and even grandparents at the same time. On the other hand, a study by the AARP found that the most prevalent family bond can be described as "tight-knit and helping," as distinguished from "tight-knit and independent" or "alienated and independent" (Bengtson et al., in press). The AARP researchers concluded that intergenerational justice appears not to be a predominant issue for most families.

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[4] Steuerle and Bakija estimate that payroll taxes have increased an average of three percentage points per decade since the 1950s (Steuerle and Bakija 1993).

How can family support problems be translated into policy issues? Despite the fact that surveys have not been able to find a significant deterioration in support for government programs affecting the elderly,[6] we nevertheless postulated that mid-life caregivers, facing increasing burdens, will look to the government for relief in forms such as protection against costs of long-term care. At the same time, younger persons could be looking to reduce the size of government and resulting tax burdens. Thus demographic shifts could contribute to intergenerational tensions both within families and across the society.

The major causes of generational tensions covered in this volume—the relative decline in value of Social Security over time, the differential impact of antipoverty programs on age groups, and demographic and social changes—are interrelated. Social Security, for example, functions also as an antipoverty program; the value of Social Security to future retirees is uncertain because the baby boom generation's size and longevity will strain the trust fund's financing; and increased longevity also increases the caregiving role of younger generations. Is there any unified meaning, then, to the phrase "justice across generations"? Are there age-related mutual obligations or expectations between individuals and the collectivity that can frame a notion of justice? Are there ways to pose questions about intergenerational justice so that unambiguous guidance can be given to policymakers? These and other questions were addressed in the AARP conference "Justice Across Generations: What Does It Mean?"

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[5] Based on calculations by Cynthia Taeuber of the Bureau of the Census, Population Division, using U.S. Bureau of the Census, 1965, table 8, and based upon U.S. Bureau of the Census, 1992b, 124.

[6] Survey results from Louis Harris and Associates demonstrate that federal programs for the elderly are strongly supported by members of all generations, quoted in Minkler 1986.

Major Chapters

The volume opens with a historical perspective. Harlan Wechsler writes about intergenerational obligations specified in the Talmud nearly two thousand years ago. He documents specific financial obligations that, according to Jewish law, children and parents have toward each other as they age. Parents must provide for the education of their young while adult children must provide for their aging parents. Outside the family, there were no financial obligations in Talmudic times. Nevertheless, charity for the poor was integral to community living. The Talmudic social structure is notably different from today's society where obligations have become more socialized by means such as social insurance and universal public education.

According to W. Andrew Achenbaum, the new obligations reflect new concepts of justice and have brought new intergenerational tensions. He traces the roots of today's claims of generational injustice to the 1930s. In prior decades, the nation's leaders had a tradition of not engaging in public debts beyond a level that could be repaid in their own time, reckoned to be thirty-four years. But the policy of not burdening future generations was reversed with the establishment of Social Security. This reversal, he claims, in part led to the institutional manifestation of age consciousness: government programs designed to benefit one or another age group, followed by age-based lobbies to support the programs.

What time frame is appropriate for analyzing generational justice? For some of the contributors, justice is a *static* issue between persons of different ages at one point in time. Justice for them might require equalization of income across age groups. Others find more value in comparing the well-being of today's elderly cohorts with that of earlier elderly cohorts and with expectations of well-being for tomorrow's elderly. This *dynamic* notion of justice holds the life stage constant when comparing the well-being of persons born in different times. For those contributors, justice might require stability over time in the economy and in the set of rules and regulations governing the social programs that transfer resources across age groups. The dynamic notion of justice, however, is also confounded by economic growth that generates higher living standards for later generations.

Of course, the static and dynamic approaches are not unrelated: today's youth will be tomorrow's elderly. Many of the participants suggested analytical frameworks that integrate static and dynamic notions of justice. Marilyn Moon, for example, argues that a *whole life* perspective, comparing the lifelong treatment of individuals born at different times, will yield the most policy-relevant insights. Her standard of justice seems to require that each cohort, or group of people born in the same period, be treated the same way over their lifetimes. Most of the participants either implicitly or explicitly also use a whole life perspective in their analysis of justice across generations, but reach differing conclusions.

Laurence Kotlikoff accepts Moon's whole life framework but focuses on whether an economy can actually function over time given various proposed solutions to the problems of justice across generations. Thus, economic feasibility of intergenerational policy is, in his view, a precondition to setting standards of justice. As a tool to help in calculating realistic allocations of wealth across generations, he develops a generation-based national accounting system that forecasts economically feasible intergenerational transfers of wealth. For an average individual born in a particular year, Kotlikoff calculates the net present value of all transfers received from federal, state, and local governments less taxes paid over the full life of the individual. He then compares the relative treatment different generations receive from the government.

Kotlikoff's accounting system is too limiting for policy analysis, claim Vern Bengtson and Tonya Murray. They stress that a *life-course* perspective, similar to Moon's whole life notion but including social reciprocities and love and guilt relationships in the family, is needed to capture fully the dynamics of justice between generations. Not so, counters Robert Rubinstein. Social reciprocities have legitimate application here, but family-centered frameworks like those of Bengtson and Murray have only limited applicability to policy. The family model, Rubinstein claims, extends to the larger society only so far as taking care of one's own.

Unlike the researchers above, William Kelly is not comfortable accepting a whole life standard of justice with its implicit assumption that one's lifetime share of resources is a proper criterion for determining justice. He points out that two people could experience different economic circumstances in various stages of their life and still have the same whole life share of resources. Yet the whole life frameworks cannot say which treatment is superior. Kelly further suggests that a system of justice, at least for Americans, must be able to address this dilemma. Americans, he senses, have a dual concern about justice and equality wherein justice requires equal treatment, but equal treatment often means equal opportunity, which sometimes means special treatment. A whole life perspective by itself cannot reconcile justice and equality.

Other participants also focus on the dilemma Kelly raised. Norman Daniels suggests that persons of each age group be granted the resources that allow them the same opportunities typical of their age group, but not necessarily the same opportunities typical of other age groups. Conversely, Dennis McKerlie develops a standard of justice that requires strict equality independent of age. The divergence between opportunity and equality arises in part because Daniels' unit of analysis is part of a lifetime. Thus justice across generations can allow for equality or inequality, depending on whether we look at parts of lives or whole lives. The interchange between Daniels and McKerlie shows how easy it is to reach ambiguous policy conclusions, such as whether welfare rights may be based on the recipient's age. Perhaps Peter Laslett and James Fishkin (1992, 6) are right about justice between age groups and generations when they claim that "paradox, or even absurdity, is never far beneath the surface."

Getting away from theoretical notions of intergenerational justice, if we wanted to address a practical problem of resource allocation between generations, we may still face constraints from other forms of justice. *Democratic justice,* for example, requires that public policies be acceptable to a majority of the voters. I define an optimal level of intergenerational justice as one that is barely acceptable to the median voter, i.e., the voter whose opinion is in the middle of the political spectrum and thus whose vote can swing election results. I then examine how sensitive the balance is between democratic justice and justice between generations when age-related policies are subjected to popular vote.

Claims of intergenerational injustice are sometimes laced with other dimensions of equity. Kelly and Bengtson and Murray, for example, claim that sex bias in caring for the elderly causes intergenerational tensions. As more and more aged enter dependency, women typically bear the brunt of their care. Clare Hushbeck argues that generational tensions are really used to mask a general increase in income inequality and economic stagnation. James Buchanan takes yet another tack. He explains that intergenerational concerns are often used to argue for increased national savings. While he does not mind if that argument actually persuades people to increase savings, he believes reliance on intergenerational justice is nevertheless unnecessary. Rather, we should save more in our own interest.

Although the conference did not seek a single unifying framework or set of standards for assessing justice between generations, it did succeed in its goal of comparing and contrasting several competing coherent frameworks. Difficulties in allocating resources are as old as recorded history, yet just solutions must evolve and adapt with the changing society. It is only with a full understanding of the divergent approaches to justice that intergenerational policies can be forged that serve persons of all ages both now and into the next century.

Section I:

Historical Perspectives

Chapter 1

The View of Rabbinic Literature

Harlan J. Wechsler

One way to focus on the pressing issues of the day is to see them in the light of another time. This paper, therefore, looks at the subject of intergenerational justice from the perspective of the literature of the talmudic period. Often referred to as the "Rabbinic Literature," our sources are 1,500 to 2,000 years old, and encompass the Babylonian and Jerusalem Talmuds as well as a large number of the classical midrash, or exegetical, collections. Rabbinic Literature grew out of the Bible and has informed the development of Judaism throughout all subsequent historical periods to our own day. I take up this reflection in light of the past with the belief that there are a variety of benefits to be gained by looking at an issue such as intergenerational justice in a wider cultural perspective than one's own.

These benefits are of two kinds, broadly conceived. The first is historical and the second can best be called anthropological: an attempt to see how values work in another society. Both perspectives can be useful when trying to reframe or redefine practical issues that impinge upon the quality of life and the way in which institutions such as the family, the church, or the state create and mediate values that are important to a society.

First, the historical. From the voluminous literature of this period, it is possible to learn a great deal about how people lived and what they did. Such observations provide more curiosity.

For example, the study of such an ancient literature can be used to correct mistakes that researchers often make. One common error is the thought that our modern problems of aging are unique, unique because there never were significant numbers of elderly people in the past. It is assumed that the problems of the present are a result of medical care, which, for the first time, has produced a significant population of aged people.

While there is some truth to this, it is important to note that there were plenty of old people in the ancient world. Not only that, but the life span in the period of the Talmud was seventy years. Death at sixty was considered premature. Eighty was considered to be a long life; ninety, too long. (See Babylonian Talmund (B.T.) Moed Qatan 28a and Jerusalem Talmud (J.T.) Bikurim 2:1, 64b.)

Undoubtedly, there was a large difference between the average life span in their society and in our's. But the difference was probably due to infant and childhood death. Many people died in infancy or as youths. If you survived, though, you probably survived to be seventy or eighty years of age.

A historical perspective is often sobering. When we discover that others had many of the same problems we still have today, then we often get insight into what is unchanging in the human condition. And, in addition, we see what others have done in order to solve their problems and find meaning in their lives. This brings us to the "anthropological."

This second perspective aims at discovering how values are made and taught in an ancient tradition. It seeks to listen to the way a culture ticks, how it marks the moments it considers to be important, and how it makes sense of the joys and sadness it invariably meets. This perspective also helps to mature our philosophical agenda, too. We will be helped to rethink terms such as "honor," "revere," and even "old" by illuminating them with the meanings they had in another time and which they may continue to have in our own day.

Both these goals will be achieved if we focus on three issues which concretize the talmudic response to aging and the obligations of the generations to one another:

- The obligations of parents toward their children.
- The obligations of the young toward all the old.
- The obligations of children toward their elderly parents.

Obligations of Parents Toward Their Children

In contrast to Roman law, where a child was "in the power" of the parent, talmudic law saw the child as a separate entity. The child's rights derive from his individual rights as a human being, not from his limited relationship to his parent.

Interestingly, in a tradition filled with law, there is no law obligating a mother to nurture her child. I suspect that the structure of the family required no such legal buttressing.

The father, however, is obliged to support his child. These obligations differ from the obligation of a husband to support his wife in a curious way. As a husband becomes more prosperous, he is expected to support his wife in a commensurably grander style. That is because the obligation toward a wife is one which involves honoring her. Not so for the child. A father owes a child support of the child's needs. Those needs have a more objective price tag than do the material expressions of honor (Blidstein 1975, 191, n. 49).

The laws that obligate parents toward their children primarily concretize the socialization and teaching roles that parents are assumed to have. A father is obligated "to circumcise his son, to redeem him (following the Biblical law of redemption of the first born), teach him Torah, take a wife for him, and teach him a craft. Some say, to teach him to swim, too" (B.T. Kiddushin 29a). The obligations, therefore, center around education, the inculcation of values in the young, the need to bring the young through certain rights of passage, the need to teach the young a profession and, interestingly, the need to teach the young how to swim. The approach here is very practical. Social tools are taught as are practical necessities. The obligation to convey the material is parental, not societal, though the parent is free to choose a professional to fulfill many of these practical obligations.

There could, indeed, be conflicts. For example, if a man has both himself and his son to teach, he takes precedence over his son. Rabbi Judah, though, limits the adult's precedence: "If his son is industrious, bright, and retentive, his son takes precedence over him" (B.T. Kiddushin 29a). Therefore, considerations other than age or status as father or son are relevant.

What about a daughter? Practical issues govern here. At the time of the Talmud, one was obligated to teach daughters those subjects that were practically important for them to know. The specifics were subject to change, but the general principle would prevail.

A child is to be educated in an age-appropriate manner, always sensitive to the child's needs (Mishnah Avot 5:21, B.T. Baba Batra 21a). A parent is responsible for teaching a child discipline, as in the comment of Proverbs 13:1: "A wise son is disciplined by his father," or the more familiar: "He that spareth his rod hateth his son; But he that loveth him chasteneth him betimes" (Prov. 13:24).

It should be noted that while parenting is considered a source of joy and satisfaction, at the same time, it is a source of trouble and woe. When Eve was cursed in the Bible, one aspect of her future burden was to be *tzaar gidul banim*, the suffering of rearing children."[1] Or, as Rabbi Shimon be Elazar says of the same source, "It is easier for a man to grow an entire legion of olive trees in the Galilee than it is for him to rear a single child."[2] Keep in mind that the weather in the Galilee is too cold for olive trees to easily grow. Therefore, a tremendous investment of energy has to be made in order to successfully produce that "legion of trees." How great, then, is the labor that must be invested in a single child!

While it is assumed that a parent will love a child, a parent must be careful not to favor one child over another. Jacob, after all, had twelve sons and a daughter, and favored Joseph over them all, giving him the famous coat of many colors. Jealousy ensued; as a result of such favoritism, all the Children of Israel were, in time, enslaved in Egypt.[3]

Obligations of the Young Toward ALL the Old

Second, we look at the obligations of the younger generation toward all the old, regardless of one's relation to them. These are derived from Leviticus 19:32:

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[1] For which, incidentally, there is a requisitely great reward. See B.T. Berakhot 17a.

[2] Cf., Genesis Rabbah 20:6 (ed. Theodor, Wahrmann Books, Jerusalem: 1965, p. 190. See Theodor's notes. My interpretation which follows is based on Israel ibn Al-Nakawa (Spain, died 1391), 1932, part IV, p. 140.

[3] B.T. Shabbat 10b.

Thou shalt rise up before the hoary head,
And honor the face of the old,
And thou shalt fear thy God:
I am the Lord.

On the surface, this is a clear command to honor and respect the old, though the Hebrew words may also be interpreted as a mandate to honor scholars. All this is placed in the very serious context of fearing God.

In Rabbinic Literature, two actions are understood to be prescribed: (1) you shall rise up (*takum*) and (2) you shall honor (*ve-hadarta*). The practical ramifications of both these words are clearly defined.

Standing before the old means:

- One must rise when an old person approaches within about four yards of one's presence. It is not necessary to rise when the old person is seen from a distance, only when he is in one's immediate presence (B.T. Kiddushin 32b and J.T. Bikurim 3:3, 65b).
- The requirement applies only in a place of dignity. If, for example, the person is encountered in a bath house, standing is not required (B.T. Kiddushin 32b and J.T. Bikurim 3:3, 65b).
- It is not permissible to close one's eyes and thereby avoid the requirement of standing, since the verse from the Torah contains the phrase: "And you shall fear God," meaning, something given over to the heart, i.e., it is a matter of conscience and not solely a matter of social formality or propriety (B.T. Kiddushin 32b and J.T. Bikurim 3:3, 65b).
- It is wrong for the honored person to take advantage of this requirement by becoming a burden to others, seeking situations where others are required to stand in his presence (B.T. Kiddushin 32b and J.T. Bikurim 3:3, 65b).
- When the person to be honored has drawn near, then it is proper to greet him, and to respond to his greeting (Tosefta Megillah 3:24 (Lieberman 1962, 360). See also Lieberman 1962, 1201). This involves a motion of bowing (Lieberman 1962, 1201-02, citing Bemindbar Rabbah 15:17 in the Oxford manuscript and Tanhuma). Gather the picture then: One stands and greets the old person while bowing toward him at the same time.

The first action required, therefore, is a physical one, motivated by conscience (God's demand). It involves a public expression of respect, clearly understood as such (the old person must be in one's presence, remember), using social conventions which communicate respect for the individual.

The second requirement, indicated by the Hebrew verb *ve-hadaarta*, is more varied in its meanings. The Hebrew word is not as unambiguous as the word of the previous half of the verse: stand up. The Hebrew here indicates an attitude that bears a value—it can be translated as honor or respect—and it comes from a root which means "beautiful." Honor, respect, and make beautiful the face of the old. And Rabbinic Literature spells out the practical implications for this as well.

Honoring the old person means:

- One may neither stand (Tosefta Megillah 3:24) nor sit in his place (Sifra 3:7; for parallels, see Lieberman 1962, 1202).
- One should neither speak in his place nor contradict his words (Tosefta and Sifra, idem.).
- One must conduct one's self toward him with fear and reverence (Tosefta Megillah 3:24).
- The old are to take precedence when entering or leaving a place.[4]

These prescriptions constitute the meaning of "And honor the face of the old" in the sources. One can see that the prescribed actions are public in nature, using the customs of the time to clearly indicate deference to the old. No monetary expense is required.[5]

There is some question, though, about whether the old we are referring to encompass all those who are old or whether such deference is due to those who are scholars. This question arises for two reasons.

First, one wonders what it is about the old that is worthy of such respect? Is it, in fact, their learning that gives birth to the specific requirements of deference? If so, then an old person who is not learned would not be in the same position as one who is and would not be deemed worthy of deference. Second, note that the Hebrew forces the question. The Hebrew word for old person, *zaqen*, is the same word as the word for sage, or elder, also often referred to as *zaqen*. To say, therefore, that you are required to "make beautiful the face of the *zaqen*" could be understood to refer to "the scholar."

The Talmud concludes that all the old, regardless of the level of their learning, are included in the commandment to rise before the aged. Rabbi Yohanan brings the reason: "How many troubles have passed over these."[6] Life experiences make their impressions and hone the wisdom of the person who accrues more of them as time goes on. Here, then, one sees a more open-ended conception of learning than Torah study alone.

In a parallel passage in the Jerusalem Talmud, Rabbi Meir enlarges upon this idea a bit. Since life is considered a blessing, Rabbi Meir argues for including all the old in the commandment "to honor" since it is not for no reason that his days have been prolonged" (J.T. Bikurim 3:3, 65b). A person merits long life. Therefore, there must be something worthy of merit in the person who lives long. And whatever it is, if we can put our fingers on it or not, is worthy of respect. After all, God has shown his admiration of an individual by giving that person long life. Should human beings not show some signs in response to what God has implicitly said?

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[4] Tosefta Megillah 3:24. Whether taking precedence means going first or last is not clear. See Lieberman 1962, 1203-04. Taking precedence means, according to Lieberman, that the old person is in the preferred position, not necessarily that he comes first. All goes according to the place and the custom.

[5] B.T. Kiddushin 32b and Sifra 3.7. This is not to say that the financial well-being of the old is not a concern. The old are aided by the welfare provisions of the law requiring help to the poor. The specific actions mandated here are matters of public deference and attitude.

[6] B.T. Kiddushin 33a. As a result of this ruling, incidentally, respect is mandated toward the gentile elderly, even pagans, who, of course, cannot be assumed to possess Torah.

Now you might at this point assume that this deference paid toward the old was the result of some view that saw old age as implicitly good. After all, the reward of a number of the commandments is noted by the Scriptures to be length of days. But things were not so simple in the ancient world, as they have not been since.

Old age is described by the Talmud as a time of declining health and ever-present ailments.[7] In response to Koheleth's plaintive advice:

> *Appreciate your vigor in the days of*
> *your youth, before those days of sorrow*
> *come and those years arrive of which you*
> *will say, "I have no pleasure in them."*
> (Koheleth 12:1)

The Rabbi's comment: This refers to old age.

What was so bad? The beauty of the visage, the forehead, the nose, the skin all disappear. The cheeks lose their glow. Tears seem to well up in a person's eyes, whether for psychological or physical reasons, and are nearly beyond control.

There is difficulty in controlling bladder and bowel functions. Constipation is an ever-present fact of life. The knees, the ribs, the loins all shake; the body is bent. The teeth are gone, the stomach inefficient. The eyes have grown dim. The voice of song seems like only a whisper because the ears can no longer hear well. A person cannot sleep.

The old are filled with fears: fear of heights, for even a small mound appears to him as a high mountain; fear of the road, for he begins to mark the way saying: To this point I can go, to that point I cannot. The old person is afraid of muggers coming to attack him.

The story is told of Rabbi Shimon be Halafta who used to visit Rabbi Judah the Prince regularly at the beginning of each month. When Rabbi Shimon became old, he could no longer continue his practice. One day, however, he finally returned, and Rabbi Judah asked him what had kept him away. Rabbi Shimon answered, "The near have become far, and the far near, two have become three, and the peacemaker of the house is idle."

The text explains each of these allusions: "The far have become near" refers to the eyes. Whereas he used to see from afar, now he cannot see from even near. "The near have become far" refers to the ears. They used to be able to hear when listening once or twice. Now they do not hear when listening even a hundred times. "The two have become three" refers to two legs and a cane. "The peacemaker of the house is idle," refers to erotic desire which makes peace between a man and his wife, and which no longer functions as it should.

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[7] See Margulies 1954, 390-96; Midrash Koheleth Rabbah, Ch. 12; and B.T. Shabbat 151b to 152a. All theses sources involve homilies on the twelfth chapter of the Book of Koheleth (Ecclesiastes).

Such are the blessings of old age!

I have deliberately left out much: the psychological unpleasantness of hair loss, for example. Even more poignantly, poverty was found to be the inheritance of old age, because a person was likely to become physically unable to work. This inability to work brought with it not only lack of money but loss of self-esteem as well.

And even more so for a man than for a woman. As the Talmud has it:

An old man in the house, a burden
in the house.
An old woman in the house, a treasure
in the house.

The commentator explains: An old woman is able to toil and do work in her old age.[8]

The picture, though mildly flattering to women, is still disappointing. Imagine the several levels of attack upon the self-respect of an individual: physical, psychological, and economic which are all recognized here. Why does a person suffer? Not because he has caught an unusual tropical disease for which there is as yet no cure. There is no disease properly speaking. Unless the disease be called that of being human and of responding to the reality of old age.

But old is good, isn't it? How then could it be so bad? In Rabbinic Literature, old age is a blessing because life is a blessing. What God creates is good, even if the evidence on the surface would seem to indicate that this good creation leaves a lot to be desired. When that happens, though, religion and its forms step in. Personal, public acts resolve what might have seemed like a paradox.

If God's plan requires the body to age, and this brings with it physical and social disabilities, the human being will have good cause to wonder how blessed this created state is. Commandments then come to the rescue, for if a person's self-esteem goes down on one tally, then the obligations of the law make it rise on another. The young bolster that flagging sense of self-worth by publicly demonstrable actions which demonstrate the great value of every human being. The mandated actions affirm the theological predisposition when experience would otherwise question its correctness.

Here you see a perfect example of how Jewish ethics work: They mandate actions which embody the world-view of faith. They do so in a practical and a detailed way, and the details should not be forgotten.

Take the need for positive social conventions which express respect. We live in a time which has, for a long while, prided itself on being unconventional. Those of us who ride the buses in my home city of New York are well aware that the time when young people, particularly children, we taught to give a seat to an old person has long since passed. While this can be seen as a positive development—a reflection of the youth of the old and their general desire to be treated as healthy—there is also another side. Little children are simply not taught that they owe public deference to a whole class of people who exist in society, namely the old. Do not such amenities play a part in the overall picture of creating a sense of self-worth all throughout life? (See, for example, Bremmer and Roodenburg 1992.)

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[8] B.T. Arakhin 19a and Rashi ad.loc.

As well, the emphasis here is so clearly on personal actions toward another human being. It is the person who makes another aware of his humanity; computers, institutions, nor government agencies can never really do that. They can play their part in maximizing what they do best (providing funds for complicated medical care, for example) but they are not human. Only single individuals are.

To increase respect for the human being turns a potential cipher and a potential "case" into a person.

The Obligations of Children Toward Their Parents

So far we have considered the laws which are applicable to all the old. The specific actions mandated are those which show public deference in a variety of ways. But first, they are actions. Second, they indicate attitudes and emotions which either give birth to the actions or are intended to be engendered by them.

But the case of the specific old person can be seen more clearly if we turn to the duties incumbent upon children toward their elderly parents. Often, when people speak of the law to honor parents found in the Decalogue, there is an unwritten assumption that the law is being directed at young children and their parents. In Jewish Law it is quite clear that the Rabbis understood the requirement of honoring one's parents to pertain to grown children and their elderly parents.

As a value, the honor of parents is underlined. Rabbi Tarfon, for example, would bend down to let his mother use him as a step whenever she wished to mount into bed. "And when she wished to descend, she stepped down upon him." He went and boasted of his behavior in school. Said they to him, "You have not yet reached half the honor due: has she thrown a purse before you into the sea without your shaming her?" Or Rabbi Joseph who is said to have declared, whenever he heard his mother's footsteps: "I shall rise up before the approach of the Devine Presence" (B.T. Kiddushin 31b).

The law, "Honor thy father and thy mother," appears twice in the Torah, in Exodus 20:12 and in Deuteronomy 5:16. It appears in a somewhat different form in Leviticus 19:3 where Scripture reads, "Ye shall fear every man his mother and his father...." One time the Torah says, "Honor." Another time the Torah says, "fear," or "revere." Therefore, the laws governing relations to parents are elaborated in terms of the meaning of "honor" and of "revere."

Honoring a parent requires positive actions such as giving a parent food and drink, clothing him, as well as leading him in and out (B.T. Kiddushin 31b). Note that these positive actions are not part of the general law pertaining to the old.

The ways such honor is accorded in practice need to be taken into account. Thus, Abimi, son of Rabbi Abahu, notes that one person may give his father pheasants as food, yet drive him from the world; whereas another person may make him grind in a mill and bring him to the world to come (B.T. Kiddushin 31b).

The Jerusalem Talmud explains what is meant: "A man once fed his father on pheasants. When his father asked him how he could afford pheasants, he answered, 'What business is it of yours, old man? Chew and eat!' On another occasion it happened that a man was grinding in a mill when his father was summoned for royal service. Said his son to him, 'You grind in my place, and I will go in yours, royal service being very hard.'" So much, therefore, is dependent on tone and on the circumstances surrounding the delivery of personal service. That, too, is not to be forgotten.

The law to revere one's parents is, on the other hand, similar to the law requiring respect for the old. The child must neither stand nor sit in the parent's place, he should not contradict the parent's word, nor should he publicly assent to another's point of view when that individual disagrees with his parent.[9]

These laws apply equally to father and mother, son and daughter. The fact that Exodus and Leviticus speak not only different attitudes ("honor" or "revere"), but that in Exodus the father comes first ("Honor thy father and thy mother") while in Leviticus the mother comes first ("Ye shall fear every man his mother and his father") is explained in the following way. It is more natural for a child to honor a mother than a father. Therefore, the father is stated first. It is more natural for a child to fear a father than a mother. Therefore, the mother is stated first (B.T. Kiddushin 31-a-32b).

Who Pays for Honor?

While we know, now, that there are specific activities which are mandated by the Biblical precept to "honor" one's parent, Rabbinic Literature focuses a great deal of attention on the implications of this mandate to honor. One question dominates the discussion: Who pays? Or, to draw out the implication of such a question: Does "giving a parent food and drink" mean paying for it or actually physically serving the parent? Does "clothing him" mean financial responsibility for clothing or actually helping the parent on with clothes?

Interestingly, the Jerusalem and Babylonian Talmuds answer this question in opposite ways. The Jerusalem Talmud says that the child pays. The Babylonian Talmud places that obligation upon the parent.

In the Jerusalem Talmud, Rabbi Simeon bar Yohai, an early rabbinic teacher of the second century, teaches, "Great is the honor one must accord one's parents—for God elevates it even beyond the honor one must accord Him. Here it says, 'Honor your father and your mother' (Exodus 20:12); there it says, 'Honor the Lord with thy substance, and with the first-fruits of thy increase' (Proverbs 3:9). How do you honor Him? With the wealth in your possession—you give the gleanings to the poor and tithes and *terumah* and *halah,* you build a *sukkah,* make a *lulav,* a *shofar, zizit,* and *tefillin,* you feed the hungry, and give drink to the thirsty. If you have the means, you are obligated to do all this—if you do not have the means, you are not. But with 'Honor your father and your mother' it is not so: whether you have the means or you do not, 'Honor your father and mother,' even if you must become a beggar at the door" (J.T. Kiddushin 1:7, 61b).

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[9] B.T. Kiddushin 31b. The last mandate is open to interpretation and I have translated it according to Rashi's commentary.

Similarly, when detailing the obligations of honor (here stated as to give "food, drink, clothing, shoes, leading him in and leading him out,") the Jerusalem Talmud asks, At whose expense? To which Hunna bar Hiyya answers, "At the expense of the older one." It goes on, "Others wished to say, 'At his own expense.' A story is then brought.

"Rabbi Yannai and Rabbi Jonathan were sitting. A man came up and kissed the feet of Rabbi Jonathan. Rabbi Yannai asked, 'What did you do for this man that he repays you so?' Rabbi Jonathan answered, 'Once this man came to me and complained about his son, that he does not support him. I told him, 'Go gather the congregation in the synagogue and publicly shame him.' Rabbi Yannai asked, 'And why did you not compel the son to support his father?' Rabbi Jonathan responded, 'Can one compel that?' Rabbi Yannai answered, 'You don't know that?' Rabbi Jonathan then began to teach as a fixed rule, 'One may compel a son to support his father.'… Rabbi Yosi said, "Would that I were as certain of all my traditions as I am of that one that one may compel a son to support his father'" (J.T. Kiddushin 1:7, 61b; Blidstein 1975, 64). The conclusion is, then, that the son is obligated to honor his parent with the son's money. Therefore, honoring refers to financial obligations.

Contrast this with the parallel discussion that takes place in the Babylonian Talmud. There is answered the specific question: "At whose expense? Rabbi Judah said, 'At the son's expense.' Rabbi Nathan Ben Oshaya said, 'At the father's expense.' The sages taught Rabbi Jeremiah that the decision was as he who said, 'At the father's expense'" (B.T. Kiddushin 32a; Blidstein 1975, 65). Therefore, honoring refers to the delivery of personal service.

This opinion does not go unchallenged. A Biblical source is found to which the Talmud answers, "The son is required to give personal service even if it cost him lost income on the job." This, as well as a subsequent argument, come to the same conclusion: The son is not required to pay for his father's honor, though he is obligated to render service even if he incurs personal loss as a result.

The contrast between the two Talmuds is interesting. The Jerusalem Talmud requires the son to bear financial responsibility and it allows the juridical authority to coerce the payment. The actual text that we looked at indicates that not all the rabbis were aware of this law, number one, and that, number two, when the law was finally explicated it was considered to be extendable to the ability of the authorities to use their judicial power to obtain the payment itself.

The Babylonian Talmud is clear: Only personal service is required.

Let us think of the implications of this. Historically, it is the Babylonian Talmud that became the source of subsequent judicial authority. Thus, though a later commentator might have been aware of the Jerusalem Talmud's difference of opinion, the law was made according to the precedent set in Babylonia. One view prevailed: Personal service is the center and the fulcrum of a child's obligation toward a needy parent. Practically, then, the child who sends a check has not fulfilled his obligation. That obligation is fulfilled only after he renders personal service to a parent in need of it. The child must be there. When the parent faces practical problems such as the inability to eat, then the child is the one who is obligated to wield the fork and the spoon. The child—not a stranger—is required to be there to cover the parent, to dress the parent, and to push the wheel chair in and out.

The whole force of the law, then, is not to deal with financial issues but to coerce a personal presence.

Undoubtedly, though, there is a problem which remains, and that is the financial problem. Could it possibly be that a poor parent should be left high and dry, or that such a poor parent should be left at the mercy of the public dole rather than at the mercy of his children?

Immediately following the close of the Talmud (ca. A.D. 500), just these issues were raised. Most commentators solved the problem by requiring the son to take care of a poor parent based on the child's obligation to give charity. With a simple twist then, they argued that "charity begins at home." The conclusion was, therefore, that even if a son was not obligated to financially provide for a poor parent as a fulfillment of his filial obligation to honor his parent, he was, nonetheless, obligated to give charity, and of course his charity should be designated for his unfortunate mother or father.

The eighth century Sheiltot, for example, sums this up in the following way: "...where the son is prosperous, and the father has naught, there is no question but that since he must give him charity, he is obligated [to do so]. The talmudic question [of 'who pays?'] is raised concerning a case where the son has nothing, or where the father is not in need..." (She'iltot 56, in Blidstein 1975, 67). The conclusion of the Babylonian Talmud is therefore limited: The father must pay only where the child is poor or the father is rich. But for the common case where the son is better off than the father, then the son is obligated to pay. The obligation of the child to provide financial support is, therefore, recognized. Not, of course, that this is what the Talmud said! However, the community had to deal with practical issues and those issues lead to a further development of the Talmudic idea.

Rabbinical authorities, both in Europe and in North Africa, raise similar arguments throughout subsequent history. Some go so far as to couch their language in a way that makes it seem as if a son is obligated to take financial care of his parent as a fulfillment of "honor." They amalgamate the thoughts in the Jerusalem and in the Babylonian Talmuds. As far as I can see, it is not possible to discover a geographical or an economic thread that might help to explain why the rabbis in one place find it necessary to disregard the conclusion of the Babylonian Talmud. It seems, rather, that the reality of life often impinged on the reality of the legal tradition. If a father was destitute, the community sanctioned the son to take care of him. There was rarely a governmental authority that was so obligated. To the extent that there were charitable mechanisms and to the extent that these mechanisms could have the force of law and result in coerced payments, they were obviously sometimes utilized.

Logic and common sense, often used with the bolstering of legal casuistry, needs to come to the rescue of the ailing. We should not lose sight of the general conclusion that personal service is to be rendered. At the same time, that does not obviate the necessity for finding a solution to the problems of poverty faced by the old, a solution that in certain times and places put direct burdens on the child—not that it had to. But, given the social context in which these problems were faced, placing the burden on the child appeared to be the humane course to take.

I stress the need for reason and sensitivity, here, much as the great nineteenth-century rabbinic figure, Rabbi Hayyim of Brisk, did in a famous story told to him.

> *A man once came to Rabbi Hayyim with the following question: He had heard that his father was ill, and hence felt obliged to journey to visit him. But since the law states that a child need not spend money in the honoring of his parent, he thinks that he may not be obliged to take the trip, for he would, of course, be forced to buy a train ticket. Rabbi Hayyim answered tersely: "Correct—you are not obliged to spend the money—walk. . . ."* (Blidstein 1975, 72, quoting S. Y. Zevin, Ishim ve-Shittot)

Still, it is the personal dimension which should not be forgotten here. If social policies are created which make it possible for parents to have the wherewithal to deal with the material needs of their old age, such policies do not necessarily compensate for some of the problems of aging where only a child—or a child and the child's child—are able to provide the structures of support and meaning which also figure into life's needs, particularly in old age.

We saw above that the general law of honoring the old had a particular purpose, to compensate the old person for loss of esteem. Here you can see a similar function that law and custom play. The parent is most touched by the responsiveness of his or her own child. The investment of parenthood is such that often that thank-you is rarely heard, even though it is desired. The Talmud's approach is to create the social structures which encourage intergenerational contact. The geography of contact—the personal delivery of services—is a geography that should not be forgotten.

Reasons for Filial Piety

What are the reasons for filial obligations toward parents? There are four.[10] First, parents are creators, forming a continuum with God who is the Creator. Recognizing the "creatureliness" of the human being (in Karl Barth's term) carries with it a recognition of one's existence—to say nothing of one's sustenance and development—as grounded in one's parents.

Second, the ethical value of gratitude is first encountered in filial thankfulness toward those who gave one being and sustenance.

As the Talmud says, "A father endows his son with the blessings of beauty, strength, riches, wisdom, and length of years.... [A]nd just as the father endows the son with five things, so too is the son obliged in five things: 'to feed him and give him drink, to clothe him, put on his shoes for him and lead him'" (J.T. Kiddushin 1:7, 61a; in Blidstein 1975, 10, 162, note 33).

Third, structures of authority essential to human life are dependent upon the model of filial piety.

Maimonides (twelfth century), for example, writes that "He who strikes his father or his mother is killed on account of his great audacity, and because he undermines the constitution of the family, which is the foundation of the state" (Blidstein 1975, 21).

Or Gersonides, who lived in the fourteenth century, put it this way: "This [respect for parents] will ensure that succeeding generations will accept the teachings of their elders, generation after generation, and they will all, therefore, be strong in their observance of the Torah of the Lord.... Also, this will bring the home to its proper perfection, which is the first step toward the perfection of the state. And this perfection of the state encourages agreement among men, so that the young accept the teachings of their master; and this will be a factor in the continued loyalty of Israel to the Torah of the Lord, generation after generation" (Blidstein 1975, 21-22).

The honor of parents is therefore a conservative force. Not only reverence for the parent is at stake, but reverence for and faith in the parent's values.

Finally, filial piety is thought to be natural and not only the result of God's mandate. In the Talmud, for example, one teacher recalls, "When the Holy One, blessed be He, proclaimed, I am [the Lord thy God] and Thou shalt have no [other gods before me], the nations of the world said, He teaches merely for His own honor. As soon as He declared, Honor thy father and thy mother, they recanated and admitted [the justice of] the first command" (B.T. Kiddushin 31a).

The rabbis note honoring parents is a virtue found in Roman society, and that fact indicates its essentially universal occurrence. One Roman, whose name was Dama be Netinah, is brought in the Talmud as the example, pare excellence, of such outstanding behavior: "'How far does the honor of parents extend?' asks Rav Ulla. 'Go and see what a certain heathen, Dama son of Nethinah by name, did in Askelon. The Sages once desired merchandise from him, in which there was 600,000 [gold dinarii] profit, but the key was lying under his father, so he did not trouble him'" (B.T. Kiddushin 31a).

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[10] See Blidstein 1975, Chapter 1. This discussion, while sometimes making explicit reference to talmudic material, is based mainly on conclusions drawn by medieval philosophers. While I have concentrated principally on Rabbinic Literature in this paper, I think this additional dimension is relevant to the discussion and, therefore, bring this perspective even though we are now dealing with a much later period in Jewish thought.

Rav Dimi tells of another incident: "He [Dama be Netinah] was once wearing a gold embroidered silken cloak and sitting among Roman nobles, when his mother came, tore it off from him, struck him on the head, and spat in his face, yet he did not shame her" (B.T. Kiddushin 31a).

Conclusion

Having looked at an ancient culture that has had an important impact on the civilization of the West, and that still informs large parts of the Jewish community today, what general conclusions can be drawn?

First, the principal duties of parents toward their children are social and moral, in addition to basic financial support. To teach values, to bring a child through rites of passage, as well as helping in preparing a child to make a living; these are all duties of the parent toward the child.

The generations have a mutual interest in the transmission of learning. Some of this is practical, but there is another side to this as well. When a society educates, it invests its resources in a common language and a common tradition to which all come to have access. A body of learning, as well as the experience of study, are both something beyond an individual. Learning expresses, shapes, and conveys a common inheritance which provides a shared interpretation of reality, a shared statement about what in life is important. As such it is the interpretive mechanism which enables people to find meaning, to share these meanings, and to pass them on. Education provides, therefore, one of the most important common ventures on which the generations are embarked.

Not incidentally, the education of the old gives them a built-in authority over the young. If they know more about some of the very same things that the young are learning each day, then they have a clear claim for respect.

In the creation of social policy, then, the mandate of education is crucial, and it has a direct impact on the relation between the generations.

Second, there is great value in the cultivation of specific forms of deference toward the old. After all, with good fortune, all the young will someday be old. Consequently, the built-in existential facts of existence, among which is physical decline, will become part of the experience of every life. Expressing deference to the old is, therefore, not only worthwhile but good insurance.

All along the life cycle, self-esteem is a central human concern. Whether it is in the family, the schoolroom, or the workplace, the need to bolster self-esteem is a common need central to the work of parents, teachers, and managers. Giving people guidance while teaching them to feel better about themselves is done differently in different contexts and at different ages.

There is, I suspect, a great void in American society of specific actions that are cultivated in order to express public deference for the old. Laws are, today, often subject to an examination of their environmental impact. Why not also keep in mind "generational impact"? Why not ask the question: What impact does this policy (medical, housing, energy, environmental, etc.) have upon the deference that should be accorded the old? The questions, I would hope, would be, How do we do it? What are the ways that make good sense today? But first we have to decide whether to do it.

Third, the specific familial obligations should remind us that there are two dimensions to "honoring" the old. One is monetary. The other is a personal dimension which may or may not be related to money but which has everything to do with relationships. I, for one, do not learn from this study that the financial dimension is irrelevant. To the contrary, it is very important. But it is one part of a picture of honor, and not the only part.

Surely, those who contributed the arguments in the Babylonian Talmud were aware of financial problems. They wanted, I think, to emphasize this other dimension of honor, the personal.

The best financial arrangement would be one that not only worked (an important consideration), but one that strengthened the dignity of the old. To say, for example, that children in American society should be financially responsible for the care of their aged parents does not take into consideration some of the basic notions of independence which structure our society. Whether it is the old who say: I do not want to be a burden on my children, or whether it is the system of insurance and pensions which make a person able to be financially independent even when physical dependence increases, all of these facts of our society lead, in their best form, to a buttressing of individual dignity.

Of late we are reading and hearing of the phenomenon of "dumping" aged parents. I suspect that one reaction to this is that the young are simply crueler than they have ever been before. While this may be true, I see young people who inherit problems that they cannot handle on their own, problems that need a community of people to handle successfully. The real question we have to ask ourselves is, How do we create a balance of forces, some of which are in the family, some of which are shouldered by the community (meaning very often the church or perhaps social agencies) so that, working together, the dignity of each person will be respected and built up where it has been involuntarily torn down?

Remember the centrality of personal service. The job here is to affect policy so that families will be able to be with each other, so that the old will be able to spend time near their families and near their grandchildren, whether well or ill. When well, we may find that social policies encourage the old to move and to be far away from the young. When ill, we may find that the old are isolated in wards because only in such wards is it possible to be reimbursed for care. The question is, How is personal service best fostered and most likely to be achieved?

Finally, in a study of justice, it should be remembered that not all bases are covered when we distribute justice in the fairest of all ways. For beyond justice is mercy and love.[11] The religious traditions which emanate from the Bible know well that justice is only one aspect of human life, just as it is only one aspect of God's relationship to man.

Beyond justice is the mandate for mercy, for acts of kindness which come from feeling sympathy for other human beings.

Ultimately, it is this belief that love leads to worthwhile actions, and that "loving our neighbor" means turning to others to help them in an infinite variety of circumstances, that leads to an unending effort to find the ways in which human beings can be better off because they are loved. As it is for children, so it is for their parents and for the old. Justice and love work together, in a mysterious balance, and we should not forget either when sitting down to solve the problems of the day.

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[11] I am grateful to Dr. Lee Cohen for reminding me of this important insight.

Chapter 2

Age Versus Youth in U.S. History: Do Depression-Era Patterns Presage Trends in the 1990s?

W. Andrew Achenbaum

> *Come on along and join the AYC.*
> *A powerhouse of real democracy.*
> *It is a movement that is grand.*
> *It will spread throughout the land.* (Gould 1940, 9)

So sang the 5,100 delegates of the American Youth Congress (AYC) as they marched down rain-swept Pennsylvania Avenue to the White House on February 10, 1940. An election year seemed an appropriate time for their exercise in grassroots democracy. Roughly 21 million youth were out of work. Few were eager to fight in the new war in Europe. Now, five years after Franklin Delano Roosevelt had asked Congress to draft a Social Security bill, lawmakers were just beginning to deliberate S. 3170 (the American Youth Act), which requested $500,000,000 annually "to provide vocational guidance, vocational training and employment opportunities for youth between the ages of sixteen and twenty-five; to provide for increased educational opportunities for high-school, college, and post-graduate students, and for other purposes" (Gould 1940, 293-94). The AYC showed its support in banners: "Yes to Schools. No to War Tools." Delegates expected the president to react favorably to their demands. After all, in a radio address the month before, Franklin Delano Roosevelt had declared that "adequate national defense ... calls for adequate munitions and implements of war and, at the same time, it calls for educated, healthy, happy citizens" (Roosevelt 1940b, 53).

Roosevelt welcomed the AYC delegates, noting that "it is a grand thing you young people are interested enough in Government to come to Washington" (Roosevelt 1940a, 85). The next third of his text itemized how various New Deal measures had bolstered the national income, the wages of farmers and industrial workers, and corporation dividends while reducing the public debt, interest rates, and the trade deficit. Then, alluding to the inclement weather, FDR introduced his main theme: the AYC was wet behind the ears. "Do not seek or expect Utopia overnight," the president warned, as he turned to the unemployment problem:

> *You young people must remember that the problem of older workers in America is just as difficult as yours.... We have not solved the problem of older people, and yet the solution of that problem is evolutionary and that evolution is progressing. We have made the beginnings with the Social Security Act, but we know that it is only a beginning and that through the next ten or twenty years that system must be greatly extended and improved.... In the case of jobs for young people, let me make it very clear in the beginning that it is not at all certain that your opportunities for employment are any worse today than they were to young people ten years or twenty years or thirty years ago.... We have not yet found the method of spreading employment to more people when good times come.* (Roosevelt 1940a, 89-90)

Taking for granted that "you and I are substantially in agreement as to objective," FDR claimed that differences in strategy underscored each group's respective naivete and wisdom. The AYC, he felt, was foolishly engaging in pressure politics. Its actions mimicked the "flood of lobbyists in Washington, of special counsel, drawing big pay for doing nothing at all." At least lobbyists knew their priorities; FDR was not so certain about youth. "One final word of warning: do not as a group pass resolutions which you have not thought through and on which you cannot possibly have complete knowledge" (Roosevelt 1940a, 91).

Lest the point be missed, FDR told his audience that, at age fifty-eight, he could recall that his own thinking was misguided in youth. The president speculated that, in similar fashion, the AYC opposed some of his foreign policy decisions with "reasoning [that] was unadulterated twaddle based perhaps on sincerity, but, at the same time, on ninety percent of ignorance of what they were talking about" (Roosevelt 1940a, 92). The closing sentence of the speech urged the AYC to "keep both feet on the ground"; it must have sounded as if FDR thought that the delegates were stuck in the mud!

Media accounts highlighted the generational tensions displayed on the Front Lawn. Under the headline "Youth Congress in Washington Hears President Roosevelt Tell Them They're All Wet," *Life* reported that the "grim young codgers of AYC behaved with a disciplined unanimity suspicious in a group as heterogeneous as they claimed to be" (Youth Congress in Washington Hears President Roosevelt Tell Them They're All Wet, 1940, 20). Walter Lippmann called the youth "shockingly ill-mannered, disrespectful, conceited, ungenerous and spoiled." Dorothy Thompson opined, "Those kids are phonies or they're idiots." Journals as different editorially as *Newsweek*, *Reader's Digest*, and *Catholic World* intimated that the Young Communist League orchestrated AYC activities (Moley 1939, 52; Youth Movement or Youth Problem 1940, 65-67; Holleran 1941, 707-708).

Still, few shared Raymond Moley's opinion that the president had behaved that dreary day in a "kindly, tolerant" manner (1940, 60). *The New Republic* found the youth "infinitely more honest, not nearly so cunning as its elders, particularly its political elders" (Flynn 1940, 278). Dismissing the AYC as Communist-dominated, *The New Republic* stated, was "an old device." (In point of fact, the AYC was established in 1935 as a branch of the august American Council on Education.) Speaking to the delegates shortly after they heard FDR's rebuke, union organizer John L. Lewis declared that the U.S. labor movement needed youth's energy, vigor, and imagination: "I do not believe that the sum of all wisdom lies in those who happen to be born in a generation preceding your own" (Gould 1940, 22). Even Eleanor sided with the youth. The First Lady persuaded the Shoreham Hotel to let some AYC delegates sleep in the lobby for a dollar a night, and invited a few to stay in the White House.

To those of us born after World War II, this episode conforms to a ritual of age-based politics we have witnessed since adolescence. Engaging in White House demonstrations is almost a rite of passage. Recent presidents and their lieutenants have tried to boost their popularity in the polls with snipes at protestors who were no older than their children. But when we consider the sweep of U.S. history, FDR's confrontation with the AYC represents a turning point in the politics of youth and age.

Roosevelt's put-down clearly was at odds with pronouncements by many of his predecessors who extolled the power of youth to preserve democratic ideals. Eighty years earlier, in an address before a youthful crowd gathered at the Cooper Institute in New York, Abraham Lincoln had summoned a rising generation to overturn the views expressed by "our fathers, who framed the Government under which we live." Subsequent evidence and argument, he said, had undermined "the peculiar institution" of slavery. Unlike FDR's plea for patience and deference, Lincoln urged youth to act radically: "Let us have faith that right makes right, and in that faith, let us, to the end, dare to do our duty as we understand it" (Lincoln [1860] 1989). The patriarchs of the Republic also had refused to subject themselves to the tyranny of their elders. *"The earth belongs in usufruct to the living,"* observed Thomas Jefferson to James Madison in 1789. "Neither the representatives of a nation, nor the whole nation itself assembled, can validly engage debts beyond what they may pay in their own time, that is to say, within thirty-four years of the date of the engagement" (Koch and Peden 1944, 488, 490). FDR thus was disavowing a political tradition that empowered forward-looking leaders to take account of the interests and concerns of youth, not to trivialize them.

FDR's speech to the AYC rubbed against the American grain on a deeper level. After all, youthful visions inspired the founding of the New World. Many thought that Milton was prophesying about America when he described a "puissant nation … mewing her mighty youth" (quoted in Filler 1978, 1). The hero of Bacon's Rebellion died at twenty-nine; Nathan Hale was only twenty-one when he was hung. Yet the United States is hardly unique in vaunting youth. The way generations gain power typically confounds the social fabric of every culture. The motif of societal-progress-depends-upon-youth-rebelling-against-their-fathers can be traced back to Biblical and Classical myths (Rank 1952; Kertzer 1983; Gottlieb et al. 1966; Bengtson and Achenbaum, in press b). Because American youth do not demonstrate just when their patrimony is at stake, successive cohorts periodically defy the wishes of their elders.

What seems unprecedented about FDR's confrontation with the AYC is its novel political expression of an age consciousness beginning to manifest itself institutionally. "Youth and Age May Be Future Political Parties" captioned an article in *Science News Letter* that saw generational identity, not party or ideology, as the new basis for politics:

Both parties may be "radical." What the "age" group may be like, we have an inkling in the recent Townsendite and "Ham and Eggs" movements that made themselves heard on the subject of pensions for the aged.... Youth will demand its party, too.... The economic battle between the young and the old shows no signs of lessening. Economic dependency, postponed marriage, competition for jobs, diminishing opportunities for promotion, will surely sharpen the resentment that youth will feel toward age (1939, 360).

The potential for age-based discord was growing in twentieth-century America. According to Carl Van Doren, the closing of the frontier, the unfolding new urban-industrial order, and the nation's increasing stature overseas were widening the generation gap.[1] "In no other country," Marie Dallach contended, "does the basis for age alone furnish so definite a line of demarcation between a portion of the population recognized as economically efficient and socially attractive and that part of it which is neither useful nor particularly ornamental" (1933, 50).

Experts and editors sometimes questioned whether population aging was having a radical impact on the political economy and social norms. In a special issue of the *American Sociological Review*, for instance, Talcott Parsons sharply contrasted American and German youth cultures: "In our society age grading does not to any great extent, except for the educational system, involve formal age categorization, but is interwoven with other structural elements" (1942, 604). Ralph Linton considered "age-sex categories" to be an important "*classificatory* device," but "such groupings need not and usually do not possess any internal structure" (1942, 590). Age, like gender, interacted with race, ethnicity, and class in determining people's place in the social structure. (Parsons and Linton seem to have anticipated a theoretical position currently in vogue. Nowadays, analysts examine how intergenerational tensions are generated by age-based needs or age-targeted programs. Some researchers, however, investigate tensions unrelated to age-group behaviors[2]) Thus, when John Dos Passos proclaimed, "all right we are two nations" (1933, 462), it was not totally clear what social construct he believed was determining the "we"/"they" boundary. Age, however, was clearly one of his criteria.

Writers acknowledged perduring themes in generational dynamics and conflicts. The experiences of all cohorts vary historically, they recognized. No age group has ever had a monopoly on insight or intolerance: youth cannot appreciate what it is to grow old; the old barely remembers how it feels to be young. Still, writers noted, conflict was not inevitable. Compromises and consideration could foster cooperation and better communication. Old ideas were recycled. One periodical reprinted Francis Bacon's essay on "Youth and Age."[3]

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[1] For the ways that Van Doren's views were interpreted at the time, see Neblett 1937.

If Bacon's text still appealed to modern sensibilities, the primary task of this paper might be to tease out nuances amidst broad continuities: Do Depression-era patterns presage trends in the 1990s? This essay begins with the proposition that by the twentieth century, if not before, adolescents, youth, the middle aged, and the elderly all felt and behaved with a greater degree of age consciousness than had been true earlier in U.S. history.[4] Biomedical, behavioral, and social scientists began to organize professionally, with support from the Rockefeller and Macy foundations in the 1930s and 1940s, to study child development and gerontology. That human development was a "social problem" only lately deemed significant legitimated academic inquiries into the stages of life. "A social problem emerges when conditions of society create maladjustments that make the group conscious that certain elements of the population do not fit the social structure" (Landis 1945, 26; see also Cowdry 1939; Newman 1940, 190-92; Hollingshead 1949). Both America's young and old met this criteria, albeit for divergent reasons.

By surveying patterns in "modern" America, this paper seeks to describe and explain the tenor and texture of intergenerational relations and tensions over time. Are there fundamental discontinuities? The answer might seem too obvious to pursue. After all, AARP did not exist in the 1930s—nor did the National Committee to Preserve Social Security or the American Association of Boomers, for that matter. How many journalists in the Great Depression would have dared to call their elders "greedy geezers"? Would grandmothers fifty years ago have caned a congressman as powerful as Dan Rostenkowski because their views on elder care differed? Yet generational justice clearly became a political issue by the 1980s. Age-based interests and organizations were taken seriously (Olson 1982; Pampel and Williamson 1989; Cole 1989; Walker 1990; Minkler and Estes 1991).

The rising competition between age groups became a major media theme during the past decade. Organizers of Americans for Generational Equity never did quite define what they meant by any of their key words, but their's was "the nation's only publication devoted exclusively to generational and intergenerational policies and issues which influence the lives of all Americans and legacy we will leave to our young people".[5] The intensity of the debate and degree of mobilization over generational-equity issues in the United States are remarkable. There has been nothing comparable in Britain, Canada, France, Germany, or Scandinavia since the 1970s, though these advanced-industrial countries have also had to deal with sluggish political economies, ballooning social-welfare expenditures, and a rising proportion of older citizens opting for earlier and earlier retirement (Johnson et al. 1989; Kohli et al. 1991; Guillemard 1983; Myles and Quadagno 1991; Borsch-Supan 1990). Japan has experienced more rapid population aging and dramatic gains in life expectancy than its competitors. Yet generational tensions over housing and changing patterns of familial care seem less disruptive than in the United States. The Japanese have tried to institute a distinctive set of policies and crafted specific definitions of "equity" and "justice" that take account of societal aging as they undergo rapid industrial development (see, for instance, Long-Term Outlook Committee 1983; Kelly, this volume).

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[3] For representative articles, see Ramsay 1933; Benda 1938; McCall 1939; Chase 1937; Halifax 1940; "I Am the Mother-in-Law" 1937; Nevinson 1934; Bowen 1933; Bacon 1935.

[4] The literature on the history of (old) age and aging, while still relatively modest, makes this hypothesis plausible. Among recent works, see Chudacoff 1990; Cole 1992; Schaie and Achenbaum, in press.

[5] From the inside cover of the inaugural issue of The Generational Journal. See also Moody 1988; Quadagno 1989a.

The situation in New Zealand seems somewhat analogous to the situation in the United States. There, most of those who gained entitlements in the 1930s to housing, employment training, and other welfare benefits are now retired. Thanks to a "lucky" set of circumstances, they are far better protected than their children or grandchildren can expect to be at a comparable stage of life. Debate over the allocation of diminishing resources in New Zealand recently has polarized along generational lines (Thomson 1991). It is tempting to draw parallels with how well U.S. children of the Great Depression have fared, compared to the prospects of their offspring who were born amidst postwar affluence. However, there are many demographic, economic, political, and social differences between the United States and New Zealand in the twentieth century. It is possible that social transformations have proven less disruptive here than in New Zealand since the Great Depression.

Consider, for instance, how similarities may outweigh differences in generational relations in the United States over time. In 1988 the president of Stanford University urged the nation to reconsider "investing in our children":

> *We find ourselves entering a trap. If political neglect of the young and their training continues, we will only enhance intergenerational dependence.... Only ingenuity and productivity improvement can get us out that trap.... Scientific and technological decay, political neglect of education and the schools, the juvenalization of poverty are related; all form a trend in America's political economy that could, if we do not arrest it, become a death spiral.... For the result—the entirely unacceptable result—would be that forty years from now a generation will stand where we stand now, knowing that things are, for the very first time in American history, worse than they were for their fathers.* (Kennedy 1988, 92-93)

Here is what Donald Kennedy's predecessor, Ray Lyman Wilbur, asserted fifty years earlier:

> *Our democracy is facing a new dilemma. Our government is extending privileges to old age at a time when it is necessary to extend the training period for our youth. Our social*

> *structure is being invaded from both ends.... Now, we face for many of our population a new sort of future—of dependence both for all stages of education and for the protection of old age on political and governmental changes and operations....Whether we like it or not, it is clear that with these changes there is a battle on between youth and old age for the tax dollar.... It looks as though we were inclined to take better care of the grandparents than of the grandchildren.* (1939, 8)

Kennedy and Wilbur enunciated virtually an identical thesis. At two critical junctures in our country's history, leading educators detected an age bias in public policymaking: they argued that the Government was squandering its investment in the future by acceding too generously to the demands of the old. The long-term costs of this generational injustice would be disastrous, they warned, for it was the young who deserved preferential treatment. "We must make way for our boys and girls," Wilbur declared, "even though they have not the political power of the aged" (1939, 228). Kennedy repeated the sentiment: "We see ourselves as a youth-oriented society, in the best sense of the word" (1988, 90).

How do we account for such striking similarities in discourse? Do Stanford presidents simply talk alike? Or, does their rhetoric mask genuine changes? To pursue these questions, let us examine continuities and changes in the demographic, economic, political, and cultural fabric of the United States during the last half-century that might reveal shifts in the rhetoric and dynamics of generational relations.

The Demographics of Population Aging

Sometimes numbers and patterns are rehearsed so often that they fail to register. Everyone knows that declining fertility rates have caused an increase in the relative size of America's elderly population: only 4 percent of all U.S. citizens were over sixty-five in 1900 compared to one in eight today. The median age of the population rose from 26.5 in 1940 to 32.1 in 1987. That 75 percent of the gains in life expectancy at birth recorded in history have occurred since 1900 no longer shocks us. Still, demographic patterns of population aging do matter. Highlighting certain trends among aged subgroups corrects false impressions as it provides a baseline for subsequent analyses.

For instance, insofar as the number of senior citizens always seems on the rise, it may appear that the rate of population aging has been accelerating over time. Actually, this is not quite the case. The 179 percent increase in the proportion of people over sixty-five in recent times was identical to the increase that had occurred between 1890 and 1940.[6] The subset of the elderly population over the age of seventy-five, however, has been growing at a faster rate than the older population as a whole: there was a 200 percent increase between 1890 and 1940, and a 250 percent increase since 1940. At the same time, there have been marked declines in the percentages of boys and girls under the age of fifteen. Children and youngsters constituted 36 percent of the total U.S. population in 1890, 25 percent in 1940, and dropped to 22 percent in 1987.

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[6] Unless otherwise noted, statistics in this section are calculated from data in U.S. Bureau of Census 1933, 576; U.S. Bureau of the Census 1976, 16, 20; U.S. Bureau of the Census 1989, 13, 16, 40, 41, 43-44; Achenbaum 1979, 60, 92, 94. See also U.S. Congress 1987-88.

Changes in the relative numbers of young and old affected the percentage of the country's population likely to be in school (i.e., roughly between 0 and 19) or retired (65+) compared to those in their productive years. There has been a net decline in the potential burden to be borne by America's middle aged. The "dependency ratio," which stood at 98 in 1890, reached a low of 70 fifty years later. The proportion of potential "dependents" then rose (due to the baby-boom) to 91 by 1970, but then the figure dropped to 70.3 by 1987. Although the 1940 and 1987 figures are virtually identical, the composition of the numerator has changed. Only 17 percent of the potentially "dependent" population was over sixty-five in 1940; the elderly's share was 30 percent in 1987. This increase in the ratio of elders to children affected how U.S. writers between 1930 and the present perceived the *burdens* of population aging. Even so, the net "problem" is smaller in relative terms than it was fifty years ago.

Several compositional changes *within* America's elderly population should be underscored. For instance, social-welfare experts lately have been emphasizing "the feminization of poverty." Demographic factors fuel this phenomenon. The 1940 census indicated that, for the first time in the nation's history, there were more women than men over sixty-five. Since then the gender gap has widened: by 1987, nearly 60 percent of all senior citizens were females. The predominance of females is quite noticeable among those over seventy-five: women constituted 51 percent of the old-old in 1890, 53 percent in 1940, and 65 percent in 1987. To the extent that sexism diminishes opportunities for economic security and autonomy, gender issues perforce affect life-course status and generational relations, especially among the old-old.

By the same logic, race creates divisions within the elderly population along economic, social, and health-care/status lines. Racism, of course, has affected all age groups throughout U.S. history. Currently, from birth blacks suffer systematic disadvantages compared to whites, which extend well into maturity and old age (for a concise summary, see Gibson 1986). In gauging the intensity of generational ties and tensions by race, however, there are two mitigating demographic factors. First, amidst relatively minor fluctuations in the relative numbers of blacks in the total U.S. population since 1890 (10 to 12 percent), the median age of the black population has consistently been 3 to 4 years younger than that of the white population: in 1987, the figures were 26.2 and 30.8 years, respectively. Second, in terms of numbers, if not necessarily power and control, aged blacks represent more and more of a minority within a minority population: the ratio of blacks over sixty-five compared to whites over sixty-five was .74 a century ago. The figure fell to .68 in 1940 and .63 in 1987.

Ethnic comparisons are complicated by the fact that blacks came from disparate regions of the world at different periods in U.S. history. The proportion of foreign-born elders fell from 29 percent to 22 percent from 1890 to 1940. The number is far smaller now: only 6 percent of the total U.S. population in 1987 was foreign born. Declining numbers do not necessarily signal diminishing nativism. Some historians argue that prejudice against aging Italians and eastern Europeans articulated by native-born Americans and the children of British, Irish, Scandinavian, and German immigrants delayed the passage of old-age assistance measures, including Social Security (Gratton 1985). Furthermore, smaller ethnic subsets of the elderly population generally seem invisible. Today's immigrants have younger populations than more settled groups: less than 2 percent of all Vietnamese in the United States are over sixty-five; only 4.8 percent of the rapidly growing Hispanic population is over sixty-five. The nation's first immigrants, moreover, often are overlooked. Only 5 percent of all Native Americans are old. This may explain why their old-age priorities receive fairly scant attention, and why the gray lobby marginalizes Native Americans' interests (Palmore 1984).

Despite changes in the composition of the elderly population, there have been surprisingly minor alterations in marital status. According to the 1930 census, 82 percent of all men between the ages of sixty-five and seventy-four were married and 13 percent were widowed, 4 percent were single and less than 1 percent divorced. The same pattern exists among men over seventy-five, though a quarter are reported to be widowers (U.S. Bureau of the Census 1940). A slight increase since 1940 in the proportion of divorced older men (5 percent of those between the ages of sixty-five and seventy-four, 3 percent for men over seventy-five) is the only significant change indicated by the 1987 data. The living arrangements of children is distributed in a curvilinear fashion; not surprisingly, the young are least likely to reside in households headed by someone over sixty-five.

Older women's patterns differ in two important ways. First, there has been a decline in the percentage of all women over sixty-five never married (from 7.7 percent in 1970 to 5.5 percent in 1987) and a 167 percent increase in the percentage of elderly divorcees in the same period. Second, there has been a greater tendency during the twentieth century for older people to live alone. By 1987, 41 percent of all women over sixty-five and 16 percent of all elderly men lived alone. In contrast, prior to World War II, older parent(s) who could not maintain independent households usually lived with unmarried children, widows with a married child (typically a daughter), and spinsters with siblings. Intergenerational exchanges nowadays rarely entail social, economic, or psychological assistance through coresidence (U.S. Bureau of the Census 1989a, 36, 43-44; Smith 1986; Quadagno 1989b).

Nonetheless, changes in the relative numbers of households with children or single (older) adults may affect political calculations in the following way. As late as 1961, children lived in half of all U.S. households. Today, only 37 percent of all households have children under eighteen in residence. If pundits are right in claiming that 20 million elderly households can intimidate Congress, one could hardly exaggerate the clout potentially wielded by the 60 million U.S. middle-class households that are child-free (statistics and argument from Levy and Murnane 1992). To the extent that people vote their interests, children might become political orphans. Before accepting this scenario, let us consider how economic circumstances interact with demographic and political forces.

The Economics of Intergenerational Poverty and Employment

U.S. Census data indicate that population aging per se did not significantly exacerbate tensions between age and youth. Nonetheless, there is considerable quantitative and qualitative evidence from the Depression era to show that age influenced economic opportunities. By the 1980s, moreover, a different set of arguments and figures were being invoked to sustain claims of generation-based inequities.

The Great Depression was a nightmare for all segments of American society except the very privileged. But were young and old suffering equally in the 1930s, as FDR told the AYC? The distribution of people in the labor force in 1940 conformed to a longstanding curvilinear pattern: nearly two-thirds of all Americans between the ages of twenty-five and forty-five were working, compared to 53 percent of all youth between the ages of eighteen and nineteen and 40 percent of all people over sixty-five. Wages also bore a parabolic relationship to age: they rose steadily until the twenty-five to thirty-four year age bracket (52.5 percent of that age group earned less than $1,000 in 1939), and then either leveled off or declined. The pay of a significant minority rose as workers aged. The usual qualifiers must be made: the percentage of males in the labor force greatly exceeded that of females at every age. A woman's household status affected the likelihood that she worked. Some segments of American society were greatly disturbed by the upheaval: hard times created havoc for farmers; blacks lost more jobs than whites; there was a noticeable gain in the number of housewives with husbands out of work seeking jobs (U.S. Bureau of the Census 1943a, 19, 104; 1943b, 7, 31; 1943c, 8). Which age group(s) endured more hardships than others?

According to the Census, the labor-force participation of young men between 1930 and 1940 fell more than that of males between the ages of twenty-one and fifty-four, but the decline was attributed to a broader historical trend: "Sharp decreases in the proportion of work among boys under 21 years old continued a long-term decline for this group, which is associated with the extension of child-labor legislation and advancing educational standards" (U.S. Bureau of the Census 1943b,6). Yet schools in the 1930s kept youth from loitering only so long. Upon graduation many felt that they had joined an "unwanted generation." Inexperience contributed to involuntary idleness, which reduced prospects for attaining necessary skills, training, and experience. "The problem of the utilization of this excess energy of youth," argued Stanford education professor Paul Hanna, "has increased in a startling manner during the depression" (Hanna et al. 1936, 31; see also "Young and Old at the Employment Office" 1938; "Economic Problems of Youth as They Affect Other Groups" 1940). Not only was the Depression warping youth's self-esteem, but it was also politically dangerous. "Dictatorships sometimes attract unemployed or 'unneeded' youth, who therein find loyalties and recognition for themselves," Harold Punke warned. "From the standpoint of the nation's future it may be more important that youth of sixteen to twenty have employment, if they are not in school, than that persons over sixty have jobs (1939, 740).

The elderly also had to hustle to stay employed. Between 1930 and 1940, there were 16.5 percent fewer men over sixty-five in the labor force—more than twice the decline (6.7 percent) of the next largest age group, boys from ages sixteen to twenty. Historians of aging disagree whether this decline represents a fluke, a new trend, or an acceleration of an exodus that began in the latter years of the nineteenth century.[7] In part, the debate arises over the historical meanings of "retirement," "unemployment," "invalidity," and "disability." And it remains to be shown whether new patterns of industrial hiring and firing, instituted by personnel managers in larger corporations in the latter phases of the Progressive era, reflected, resulted from, and/or ushered in ageism in the marketplace. Were workers over forty considered "old" in the same sense as those over sixty-five (see "Older and Younger Workers" 1940)? Or did prospects become grimmer with advancing age?

The New Deal designed two different solutions for the specific problems facing younger and older workers. Youth got jobs. Nearly 1.3 million youth were employed through government work programs in May 1940, largely under the aegis of the National Youth Administration, the Civilian Conservation Corps, and the Works Projects Administration. Tasks ranged from public safety, to civic beauty, to cooperative farm projects, to doing surveys (Lorwin 1941, 26; Hanna 1936). The elderly got money. FDR intended Social Security to be omnibus legislation that helped all age groups, which is why Congress included a provision that became the basis for Aid to Families with Dependent Children (AFDC). But old-age security was the cornerstone (see part I of Achenbaum 1986).

It is tempting to give the impression that federal policymakers henceforth took a two-track approach to broad (and interconnected) issues such as work and welfare. Washington solved youth's problems through an array of educational and employment programs and the elderly's needs through a welfare apparatus with insurance features. This interpretation of welfare history founders for two reasons. First, there are other intervening variables to consider. Both young and old, after all, found jobs during World War II. As their respective labor force participation rates soared, so did their wages and eligibility for subsequent entitlements (Perrett 1973). Age qua age, I believe, reveal fewer patterns of discrimination in the 1940s than race or gender. Second, polarizing "work" and "welfare" policies downplays their essential complementariness. Youth wanted to work in the 1930s, but they also craved a sense of economic security: two-thirds of a sample of 8,100 Maryland youth said that "economic security" was their major problem; 58 percent deemed it the largest concern facing youth (Bell 1938). Similarly, many older people during the Great Depression wanted to make contributions to society: many joined self-help organizations and worked as volunteers—activities still popular among senior citizens today.[8]

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[7] For the no-change model, see Ransom and Sutch 1986; Moen 1987, 1988.

U.S. social policies and economic programs have not eliminated poverty across all age groups. More than two-thirds of all senior citizens were considered economically vulnerable in the depths of the Great Depression—far more than any other group. The incomes of roughly a third of all older people still fell below the poverty line in the early 1960s. Now, thanks to several Federal initiatives (notably Social Security), the aged on average have attained a measure of economic security. No subset of the elderly population is worse off today than they were in 1970. The situation for children under eighteen, in contast, has worsened during the past two decades. Youth/age comparisons are distressing: a fifth of all children lived in families falling below the poverty line in 1987, compared to 12 percent of all people over sixty-five; 45 percent of all black youth were in such dire straits, compared to 32 percent of all senior black households (U.S. Bureau of the Census 1990a, 460; see also Duncan 1984).

Not *all* senior citizens are doing well, of course. There are large variations around the means. Both consumer units headed by persons between the ages of sixty-five and seventy-four and those over seventy-five have average annual incomes below those of all other units, except those under the age of twenty-five. (By all measures the old-old as a subset are poorer than the elderly as a group.) If the distribution of money income levels is controlled by age of householder, then the overall situation of senior citizens appears worse: those over sixty-five in 1987 had a median income of $14,334, compared to the next lowest ($16,204) for householders between fifteen and twenty-four; the median overall was $26,000. Here, again, age differentials are heightened both by the feminization of poverty—both in terms of money income and educational attainment—and by race.[9] Cumulative economic measures of racial injustice remain more appalling than those created by age-specific inequities.

To the extent that generational tensions may be different from that which existed in the 1930s, the analysis in this section suggests two conclusions. First, the struggle between the interests of youth and the claims of age was palpable in the Great Depression, when both groups were struggling to gain work and relief from Washington. Today, the truly vulnerable appear to be those under eighteen *and* those over seventy-five. The generational imbalance over time has swung out to the ends of the life cycle, from age/youth in the 1930s to canes/kids by the 1980s. Second, many but not all survivors of the Great Depression have accrued considerable wealth over their lifetimes. Robert Kuttner contends that the United States has become a *patrimony* society: "In reality it is both a generational and a class problem. There may be some excesses in Social Security, but the main culprit in the patrimony society is the private economy (1987, 21). For a judicious overview of the macro/micro issues involved in the generational compact's impact on this nation's political economy, see Bengtson and Achenbaum (1993). Will generational and class grievances over "patrimony" coalesce into new political groupings? Or have age-based parties already emerged?

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[8] On self-help groups, see books by Achenbaum, Cole, and Haber. On volunteerism see the forthcoming articles by Robert L. Kahn.

[9] U.S. Bureau of the Census 1990a, 442, 445, 545-5, 461. Bernice L. Neugarten (1982) was one of the first to state that the public-policy choice was a question of Age or Need.

The New Politics of Age and Aging

"Age" mobilized large numbers of Americans for the first time during the Great Depression. The emerging politics of age and aging perturbed some political commentators. "Why a youth bloc any more than a middle-aged bloc?," asked Raymond Moley. "Are we to have separate movements for people in the thirties and forties and fifties? We already have old people's groups, but at least they base their coming together upon a specific economic demand and don't profess to be merely oldsters' movements" (1940b, 60). Moley spelled out the right issues, but his analysis was inaccurate on several counts.

For openers, writers since Aristotle have been praising and deploring the power wielded by the young in public affairs. Youth revolutions reshaped nineteenth-century European political history in Vienna (1848), St. Petersburg (1861), and under Mazzini in Italy (Esler 1974). In the United States 2,000 leftist youth founded the League for Industrial Democracy (1912-13)—roughly the proportion of the collegiates who would join Students for a Democratic Society in the early 1960s (Orum 1972, 3, 332). In addition, there were youth-centered but adult-supervised organizations on both sides of the Atlantic. Middle-class, urban youth were attracted to the Boy Scouts and Girl Guides founded by Lord and Lady Baden-Powell in the 1900s. Some scholars trace the origins of the Nazi youth corps back to the Rauhe Haus (1833), Catholic Center Party's *Windthorstbunde* (1895), and conservative *Jungdeutschlandbund* (1911) (Gillis 1974, 149).

In contrast to the long history of youth movements as social or political forces, the first U.S. old-age organizations with political sway did not emerge until the 1930s.[10] The earliest senior movements offered members companionship and access to adult education.[11] Older people who felt that FDR ignored their problems in the first New Deal rallied around such charismatic radicals as Francis Townsend, Upton Sinclair, Huey Long, and Father Coughlin. By the late 1930s, organizers of the Ham and Egg movements and Townsendite Clubs claimed several million members. Students of old-age politics during the period, however, doubt that these groups served effectively as voting blocs or lobbyists for special interests. In any case, by the early 1940s, internal disagreements and financial misdealings, as well as competing national priorities, dissipated their strength (see Pratt 1974, 1977; Brinkley 1983). To the extent that the so-called "gray lobby" has political clout, it is the major organizations—the American Association of Retired Persons, National Council On the Aging, and National Council of Senior Citizens—that attract the greatest coverage. None of these groups had much influence on Capitol Hill and in state houses prior to the mid-1960s (Lammers and Klingman 1984; Browne and Olson 1983). Thus, had there been a showdown between youth and age in the Great Depression, youth-based organizations probably would have won.

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[10] Individual senior citizens played a key role. For an article from the period that makes that point, see Hess 1937. There were special-interest groups of senior-citizens (such as the National Association of Retired Federal Employees, established in 1921), but they were politically ineffective until after World War II.

America's elderly were just beginning to act as a political force in the 1930s, but even then, commentators hardly discounted their political power—or greed. "Children Don't Vote," commentators reminded readers. Many young people between the ages of twenty-one and twenty-four did not exercise their franchise (Moley 1938). Veterans, on the other hand, knew how to take care of themselves. The Grand Army of the Republic (GAR) since the 1880s had been getting Treasury surpluses on behalf of aging Civil War veterans and their families. Mainstream politicians rejected the notion that old-age entitlements were analogous to veterans benefits. But they knew that they had to resist Ham-and-Egg panaceas and Townsendite pressure (Pringle 1940; "Who Pays the Bill" 1936; for more on veterans, see Achenbaum 1991; Skocpol, in press).

Social Security, many of its critics claimed, was already jeopardizing the well-being of children and bilking middle-age taxpayers. "These 'old-age assistance plans' have taken on the proportions of a national scandal," John T. Flynn argued. "They have become just another plum tree full of little plums for people too old to work but not too old to vote. And of course politicians are busy thinking up new ways to expand the army of pensioners and to fabricate awesome devices for wringing further taxes out of the rest of the people" (1938, 69; see also Larson 1939). At least fourteen states reported that the burden of providing relief to its indigent aged was hampering its economic recovery. Others predicted that highway funds or school taxes would be diverted to old people, who did not need as much as they claimed. Anticipating a current theme, some writers predicted dire consequences in the trade-off of public dollars earmarked for the elderly and the young. The policy choice, however, was not always described as an either/or proposition. In an article entitled, "Old People: A Rising National Problem," Roy Helton invoked a theme popular since the early days of the Republic: "Our success as a nation depends on no one man, on no one class of men, but on all men, and on all ages, and on all our acquired and accumulated abilities" (1939, 258; compare with *Niles Register* 1825, 346).

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[11] Mary Traffan Whitney (1934) had organized one of the first senior-citizen reading groups among Christian Scientists. See also Calhoun 1978.

The success of Generations United, a coalition of seventy nonprofit organizations, in the 1980s suggests that it still is possible to transcend generational zero-sum games. Under its aegis, Junior Leagues of America work with AARP and the National Education Association to defend federal block grants that pay for social services for the young and the old. Nevertheless, as political scientist Hugh Heclo acutely observed, "Rather than a politics of trade-offs between dependent groups of young and old, the essential political problem in the years ahead will be to sustain a public understanding of the interdependence between generations of the working and the nonworking" (1988, 301). Middle-aged, middle-class taxpayers remain pivotal voices in the conversations across generations.

The fragility of this consensus becomes manifest when academics effect their most disinterested tone. "Conditions have deteriorated for children and improved dramatically for the elderly," declared Samuel Preston in a widely quoted 1984 presidential address to the American Population Association. "The constituency for children in public decisions simply appears too feeble to fight back. In short, we may be returning responsibilities to families not because they are so strong but because they are so weak" (1984b, 436, 452). Statistics on infant mortality rates and poverty (especially among children and minority youth) presented by the Children's Defense Fund and other analysts hardly attest to this country's success, much less our collective willingness, to take bold steps in dealing with difficult social problems. Of every hundred American children in the late 1980s, twenty were born out of wedlock; twelve will live with parents who will have divorced by the child's eighteenth birthday; one in seven risks dropping out of school (Children's Defense Fund 1988, xi-xii; Danziger and Weinberg 1986; Levitan 1990). "It is fair to assume," Senator Daniel Patrick Moynihan opined ironically, "that the United States has become the first nation in history in which a person is more likely to be poor if young rather than old" (1987, 112).

Progress has been made to be sure during the twentieth century, notably via New Deal and Great Society legislation. The AFDC program has been gored, but more than $2 billion remained in the federal budget for youth-related programs, ranging from Head Start and the Job Corps to literary-related initiatives and adoption assistance (Reingold et al. 1987). Reducing teenage pregnancy rates, substance abuse, and violent crimes are accorded high priority in official statements, if not in fiscal terms. Similarly, many services to the elderly have been judged "wasteful" and cut, but budget allocations for programs under the Older Americans Act rose from $6 million in 1965 to nearly $7 billion by the early

1980s (Palmer 1986; Rich and Baum 1984, 209). "There is broad support for the continuing of basic social welfare programs, even though the growing strength of the Republican party, the decline in labor union support, and the fragmentation of the issue agenda dissolve support for major new initiatives," contends Michigan sociologist Mayer Zald. "Marginal social services and benefits are more likely to go to the protected sectors and more middle-class sectors than they are to be widely expanded on a universal basis" (1985, 51, 66). No wonder writers describe old-age entitlements as if they were golden calves and talk about benefits for minority youth as if they were kids to be led to slaughter.

Zald's political critique is good as far as it goes, but there is more to say. Once upon a time Republican presidents (Theodore Roosevelt, William Howard Taft, Herbert Hoover, Dwight D. Eisenhower, and even Richard Nixon) helped the young by supporting increases in education budgets and pediatric services. Perhaps it was not the rise of Reaganism but the eclipse of demonstrable concern for the commonweal that undermined support for programs targeted for the truly needy among the young. "Children have been assigned a key role in dealing with the deepest tension of American life, the conflict between economic and political liberalism," claims Richard H. deLone, staff director of the Carnegie Council on Children. "Herein lies the irony of liberal reform, which has always counted on children to solve in the next generation the problems their parents could not solve in their own" (1979, ix). Youth may be the victims both of conservative myopia and of a reluctance among liberals to revamp their image of the State.

And yet, if the policy conundrum stemmed mainly from a crisis in youth politics, how can we explain the "bashing" that America's elderly received in the 1980s? The passage and subsequent repeal of the Catastrophic Coverage Act challenges most theories of interest-group liberalism used to characterize the gray lobby. "We are seeing a shift in the politics of aging," claims Fernando Torres-Gil. "Unless older persons are willing to pay for broader benefits, there may come a day when the government accepts means-testing of entitlement programs for seniors" (1990, 6; see also Jacobs 1990). Similarly, the furor that Daniel Callihan's *Setting Limits* (1987) evoked suggests that how greatly images of the elderly have been altered since the 1960s. There is considerable support for the notion that it is a waste of money and effort to treat older people with the latest technology and pharmacologies available. There is greater public sensitivity to both ageism and sexism, yet only token efforts are made to deal with demands from older women. And as the generational-equity debate suggests, "age" seems increasingly to be as salient a variable in the philosophical underpinnings of American justice as it is contestable.

Reestablishing the Philosophical Basis for Discussing Generational Justice

"Ours is bound to be an age-conscious society, and we do not know quite what it holds," wrote Frank G. Dickinson in 1938. "Our problem is to cut the income pie so the aged will receive their just share; the problem of social justice is rapidly becoming biological" (1988, 56, 57). A nation of elders in the making, Dickinson presumed, would have to alter the calculus for distributing goods. Yet he and his contemporaries wanted to uphold a principle of generational reciprocity popular since Hobbes. They believed that if relations between youth and age were deteriorating, then blame lay in both camps. "Parents have ceased to demand obedience and an acceptance of responsibility," Alicia O'Reardon Overbeck observed, "and children have developed a cheerful indifference to any law and a fixed determination to shun any responsibility" (1933, 301; see also Torrance 1932; Milliken 1935). Old-age assistance measures and child-support laws often stipulated some transgenerational commitments among family members, but their enforcement still depended mainly on moral suasion.

Ethical relationships have changed now that grandparents and grandchildren live as contemporaries, Cambridge historian Peter Laslett believes. This is because the normative foundations of generational justice have been reinterpreted:

> *Only yesterday in the political life of man, only fifty or a hundred years ago in the intellectual life of our own society, there was a universally accepted principle of continuity between generations, a revelatory principle.... Existentialists, phenomenologists, logical analysts, veil of ignorance contractarians, are all in a like dilemma when it comes to such a question as the conversation between the generations.* (1979, 56)

Neither religion nor tradition any longer anchor generational ties. Neither does Hume's "theory of the circumstances of justice" nor Rawlsian theories of justice based on what contemporaries in a single society owe one another. Concern for future generations usually goes beyond special issues, such as children's welfare or environmental issues. But does it suffice to assert that "justice requires ... that the overall range of opportunities open to successor generations should not be narrowed?" (Sikora and Barry 1987, 243).

Besides the dissolution of principles resulting in more open-ended notions of generational justice, a structural lag exists. Many philosophers posit that commonly held moral assumptions about the role of the family confuse our understanding of the interplay of merit, competition, rights, and fairness, which are embedded in our notion of "justice." In an atomistic society like the United States, justice cannot be ensured simply by making parents and children accountable under the law. Indeed, the ambiguities that currently inhere in demands for "justice" indicate that our very grammar may be wrong. "Justice comes into our vocabulary last," asserts philosopher Elizabeth Wolgast. "Justice is not an original notion from which injustice is derived but vice versa, and this fact is what makes it so difficult to say what justice is" (1987, 132; see also Fishkin 1983). Recurring conflicts over meanings and goals are inevitable. What is new today is that generational justice entails making hard choices in the absence of any overarching, consensualist framework that links theory and praxis. Invoking pluralism tends to be no more instructive than appeals to relativism, positivism, or quotas.

It is the amorphousness that surrounds reified notions of generational justice that makes most elaborations of principles of "justice" seem fatuous. "We cannot be persons for whom justice is primary and also be persons for whom the difference principle is a principle of justice," asserts Harvard philosopher Michael Sandel. "Justice finds its occasion because we cannot know each other, or our ends, well enough to govern by the common good alone" (1982, 178, 183). This sounds good. But putting Sandel's views into action does not help us determine when, or whether, "age" should take precedence over "race" or "gender" or "justice" in formulating criteria of justice. Generational conflicts until recently have been sporadic, rarely explosive affairs. But historical conditions may be ripe for a change. "Paradoxically," Philip Abrams hypothesizes, "age becomes important as a basis for social action in societies where it is ceasing to control access to social status" (1970, 187).

Summary

We may have reached a point in our national experience in which justice in America should be reconfigured along generational lines. The historical evidence to justify such a conclusion, however, is weak. Population aging has long been invoked as a reason for historical discontinuity, but social institutions so far have accommodated demographic changes. Economic inequalities by age are manifest, but gender- and race-based inequities are more pernicious. There is too much diversity within every cohort to sustain a cogent political platform based primarily on age-specific interests. Similarly, the normative foundations of justice are too murky to satisfy conflicting generational perspectives. So "age" surely merits serious consideration, perhaps more than ever before in this century. But the source of and tensions in generational justice are to be found in how various cohorts negotiate relations with one another as they grapple with longstanding divisions of race, gender, and class in a society whose political economy and social values are changing.

We should begin, rather than end, with a working definition of "generational justice" that is broader than most that are currently available. Reductionist strategies work well in the basic sciences; they will not do here. We need a paradigm that can accommodate continuities and changes over time in processes and relationships at individual, institutional, and societal levels. Perhaps the allusiveness of "generational justice" gives it the resiliency necessary for this task.

Chapter 3

Discussion

Filial Duties, Intergenerational Justice, and the Perils of Age-Based Rationing of Health Care: Extrapolations from Wechsler

Stephen Post

This chapter is a response to Professor Wechsler's useful exposition of Jewish thought on filial duties. I then address intergenerational justice, arguing against the policy framework that pits the needs of the old against the needs of the young. Finally, I argue against age-based cutoffs of life-saving medical care, for this is the ultimate conflictual assault on intergenerational justice and harmony.

In Response to Professor Wechsler

Professor Wechsler makes an important point at the outset of his chapter: "One common error is the thought that our modern problems of aging are unique, unique because there never were significant numbers of elderly people in the past. It is assumed that the problems of the present are a result of medical care which, for the first time, has produced a significant population of aged people." Of course, Professor Wechsler recognizes that more people survive the medical hazards of youth and middle age, so that there has been a demographic shift to greater numbers of older people vis-à-vis the past. But social demographics and questions of distributive justice aside, his point is that in the domain of familial ethics, fulfilling the duties of filial morality as an adult child has not changed so much—although more of us are challenged by these duties now than ever before.

If I might continue to build on Professor Wechsler's point, presuming an intact nuclear family, each individual still has no more than two parents to care for, i.e., a mother and a father. While I do deeply lament the breakdown of the family in American society, it is nevertheless noteworthy that insofar as single-parent families are now common, many children have only one parent to care for (usually the mother), rather than two. Presumably their filial duties have been cut in half. So despite the demographic transition to an aging society, filial duties toward the aged parent are neither new nor more demanding than in the past. Shirking such duty is also nothing new, a tendency against which religious traditions, including Judaism, have responded with strong prescriptions. The recognition that filial duties have always been a challenge, and sometimes an onerous one, is important. We are no different from our ancestors. Certainly, more of us must now think of filial obligations, but the duties are perennial. For the adult child caring for his or her own aged and dependent mother or father, as *Ecclesiastes* reads, "Nothing is new under the sun." The temptation, of course, is to wrongly suppose that filial obligations to aged parents are something novel, and therefore questionable.

On a related point, it is interesting to reflect on Professor Wechsler's summary of the obligations of parents to their children. Jewish tradition emphasizes the teaching role of parents with respect to values, rites of passage, a profession, and even swimming! Does this mean that filial obligations are suspended if parental ones are unfulfilled? Each culture, like Judaism in its various historical forms, attempts to define what the generally accepted obligations of parents are. Considerable diversity of definition is both expected and manifest. Does an adult child (or any child) owe anything to parents who fall significantly short in fulfilling their duties, or who abuse their children, e.g., by sexual assault? In fact, Jewish ethics are framed in the context of a covenant of obligations, so presumably serious violations of parental duties would nullify filial ones. I will return to the covenant theme later.

As an example of justified nullification, a middle-aged woman came to our Case Western Reserve University Elder Health Care Center with her moderately demented father for an evaluation of his health status. She had been molested by him repeatedly as a young girl. I asked her why she felt obligated to help him. Her response was that while as a daughter she owed him nothing whatsoever, and that she would never care for him on a long-term basis, she was the only child left in town, and she was willing to accompany him into the center just like any stranger in need. So in the moral domain of filial obligations, she felt she had no duties, but in the domain of duties toward strangers, toward human persons as such, she could not ignore him.

My understanding is that rabbinic Judaism does not assert filial duties in cases of serious parental irresponsibility or worse. But the Hebrew Bible itself does not seem to consider such cases. Professor Wechsler cites, "Rise up and honor the old" (*Leviticus* 19:32). Such a passage makes filial obligations unconditional on previous parental ones, and seems to violate a general norm of covenant reciprocity. It is certainly impossible to justify filial obligations merely on the basis of the "life experiences they [parents] have accrued," a basis which Professor Wechsler says is a matter of Talmudic debate. The fact that one was born of biological parents implies no filial duties.

Any sense that the elderly parent is too unconditionally honored in Judaism must be tempered by the rather limited requirements of filial obligation, e.g., "giving a parent food and drink, clothing him, as well as leading him in and out." "Honoring" a parent in this sense seems reasonable, and probably needs to be strongly required because of the perennial reality of elder abuse, filial irresponsibility, and cruelty toward vulnerable dependent people. The language of "reverence" toward parents does seem excessive, but may have some strategic value. Anyway, later rabbinic casuistry is realistic about the limits of filial duties when a parent breaks the covenant. This is reassuring.

Now on to the matter of the generational transmission of wisdom and tradition. Judaism clearly emphasizes the teaching function of the parent, who passes the teachings of the faith to the next generation. In a modern society devoid of traditions, the teaching function of the elderly has in general been replaced by the latest computer diskette, and traditional meanings are too frequently dismissed as archaic. Opportunities for the elderly to be generative teachers are thereby limited. Judaism remains, however, a potent tradition in more conserving expressions, and thus has a place for the teaching function. For the elderly, such tradition is pure gain. Within the wider secular culture, "reverence for and faith in parents' values" is nowhere to be found; this probably means that the sense of filial obligation is somewhat weakened. Professor Wechsler is rightly concerned with this problem: "If the old have something valuable, then there is every reason to respect them and see that they are well treated," he writes. Otherwise, filial obligations rest on "either mercy or guilt," or on "experience" in general, and these are inadequate foundations.

As for honoring parents as a means of inculcating a general respect for authority, including laws and rules, Judaism has its insights. If our society has been rightly described as in the "twilight of authority," or antinomian, Jewish tradition provides the necessary counterpoint, for no society can raise its children well in the absence of *nomos* and order. Sociologically, there is a great deal of *anomie* in modern societies.

Professor Wechsler makes a valuable comment on children in New York City who are no longer taught to "give their seats to the old." As we struggle with larger issues of distributive justice "between the generations" (a framework I find artificial and false, since we can relate the allocation of resources to the elderly to myriad other areas of expenditure besides what goes to the young), let us remember that ultimately much of the solution to the challenge of filial obligations, and of respect for elderly people generally, rests with the restoration of a culture in which the neighbor is respected as such. Such restoration is finally a matter of personal character and a willingness to take duties as seriously as rights.

I do have concerns about the need for Jewish ethics to address filial obligations with the literature in women's studies in mind, since so frequently it is daughters or daughters-in-law who are the direct caregivers for the elderly. Are Jewish women the personal caretakers of elderly parents? Are men to care personally? One of the great strengths of Jewish ethics is that indeed sons are enjoined to care directly and personally for aging parents. Just writing out checks will not do.

The tradition of Judaism places great emphasis on responsibilities within the family of one generation to another, of the old to the young and vice versa. Such a tradition is invaluable, especially in an era when the old and the young are often portrayed as pitted against each other in a conflictual struggle for resources. Ideas have consequences, and covenant loyalty is one idea that has relevance for the wider society as well as for the family.

Intergenerational Justice

The morally ambiguous language of intergenerational "conflict" and of justice "between" generations has now become common parlance. In 1982 Stephen Crystal pointed out that federal per capita spending on elderly persons exceeded that on children and youth (including educational programs) by a ratio of more than 3 to 1 (1982, 5). Two years later Samuel H. Preston, a University of Pennsylvania sociologist, in "Children and the Elderly in the U.S.," wrote, "Since the early 1960's the well-being of the elderly has improved greatly whereas that of the young has deteriorated" (1984a, 44). What has emerged from these and other similar observations is a new framework for thinking about justice, namely, "intergenerational equity." The elderly (defined in the gerontological literature as those sixty-five and older) and the very old (those eighty-five and older) have been blamed for the suffering of the young, who struggle with poor health care, second-rate educational facilities, and poor environments.

In an influential essay, Robert H. Binstock (1983) has traced the emergence of "the aged as scapegoat," often portrayed as America's new elite, when in fact the percentage of elderly who might be termed prosperous is limited to about 25 percent with annual incomes of greater than $30,000 (Kingson et al. 1986, 3). The trade-off metaphor pitting the old against the young has come to dominate public policy debate.

The Gerontological Society of America issued a lengthy report critical of the current conflictual interpretation of intergenerational relations (Kingson et al. 1986). This widely disseminated study acknowledges that the financial and social challenges of caring for the growing numbers elderly persons are substantial, and that inevitably these challenges raise questions about the "quantity and quality of opportunities available to younger generations" (Kingson et al. 1986, 2). But it appropriately emphasizes that the elderly are not all well off, citing 1984 data that puts 21.2 percent of elderly persons (5.6 million) below near-poverty thresholds of $6,224 for an elderly single individual and $7,853 for an elderly couple (Kingson et al. 1986, 3). Moreover, as various analyses indicate, the elderly are not a "cohesive political group intent on forcing their will against the interests of the young (or vice versa)" (Kingson et al. 1986, 6). In fact, the elderly are influenced much more by "lifelong party affiliation, social class, race, and political beliefs" than by age, as various political scientists have pointed out (Kingson et al. 1986, 6). Programs such as Social Security, the report adds, benefit all generations because they relieve the family of providing financial support for the elderly, and are thus not one-way flows of resources. These themes are all important because they counter the negative stereotypes that the elderly are in great economic shape, form a cohesive voting group, and are the sole beneficiaries of public support for the aged.

But what is most impressive about the report is its emphasis on providing for the young. The trends that are described by Preston and others "should be very alarming to advocates for the elderly" (Kingson et al. 1986, 120), it states. Elderly persons, it is argued, have a great stake in the well-being of the young, since a vital economy requires a capable work force. Moreover, the elderly have a stake in a government responsive to the needs of all its people, since limited responsiveness to the young suggests that the vulnerable of all ages are in jeopardy. The conclusion of the report that "those concerned with responding to the challenge of an aging society understand the power of various frameworks to define the terms of the debate, and therefore give careful consideration to the various ways this debate can be framed and to the implications these approaches to policy-making can have for persons of all ages" (Kingson et al. 1986, 165).

The challenges of an aging society are viewed as opportunities for a renewed covenant between the young and the old. Mutual duties in the traditions of Judaism and Christianity are described through the covenant metaphor. The term "covenant" has been thoughtfully defined by James F. Childress:

> *"Covenant" suggests a reciprocal relationship in which there is receiving and giving. But it is not reducible to a contract with a specific quid pro quo, for it also contains an element of the gratuitous which cannot be specified.* (1982, 42)

Participants in a covenant must be at least as other-regarding as they are self-regarding. This ethic does not require radical self-abnegation or a rejection of all reasonable self-concern. However, it does require transcendence over egocentric behavior. Regarding the ideal of harmony between generations, the mutual interdependence of the covenant relationship has much to offer.

The possible horizon of intergenerational adversity is disconcerting. One way to mitigate such conflict is to move away from the language of "rights" toward one of mutual duties and responsibilities, for the emphasis on rights diverts attention from the real challenge at hand, i.e., the enhancement of social harmonies through intergenerational reciprocities.

There are many potential morally rich alternatives to the framework of conflict between young and old that has of late made its way into American politics. Young people, for example, could work with various elder care projects that would involve participants in the everyday care of elderly citizens in their communities. Perhaps we need large private or public programs aimed at the mobilization of younger persons for elder care. Older persons, in addition to caring for one another, have traditionally cared for grandchildren. But in a society as mobile and uprooted as ours, sometimes the opportunity for ties between grandparents and grandchildren is small. Still, the elderly can work in child care programs and schools and with recreation programs for children. The interests of the young and the old can be tied together.

The aging society is a challenge that could actually contribute to the moral fabric of society if persons both young and old can be properly responsive to it. Indeed, it provides an opportunity for a renewed commitment to the interdependence of generations, and for the repudiation of conflictual frameworks.

Against Age-based Rationing of Lifesaving Medical Care

The language of intergenerational "conflict" and of justice "between" generations is regrettable. Age-based rationing of lifesaving medical care, for example, cutoffs at age eighty, violates the covenant between the generations in a manner that is unrivaled by other proposals. Obviously, some approaches to health care cost containment are less painful than others. Few could be more disruptive of essential social harmonies than age-based systems.

First, age-based rationing threatens to fragment the covenant between young and old, since it builds on an adversarial construct of intergenerational relations. Instead of pursuing justice for all vulnerable people regardless of age, our attention is diverted to a fabricated war between the generations, as though resources made available to the young must be stripped away from the aged. Respect for elderly people is needlessly threatened as the final stage of their lives becomes dispensable. I can think of no policy that would more powerfully spell a "broken covenant" between younger generations and elderly people than categorical age-based rationing.

Second, such rationing weakens the fragile veneer of human equality. As Amitai Etzioni argues, "Like all allocations, bans, or prohibitions based on irrelevant criterion—be it race, religion, gender, or age—rationing health care to the elderly is clearly discriminatory" (1991, 94). Elderly people are segregated into a separate category on the false assumption that they have lived out their best years. Equal regard would then apply only to those under some arbitrary age cutoff. Some proponents of age-based rationing suggest that equality would not be threatened because rationing would apply to everyone, so it is unlike discrimination on the basis of race, religion, and gender. However, a universal application of a reprehensible practice does not make it just. Age-based rationing is clearly discriminatory and ageist.

Third, such rationing is a threat to human freedom, an essential feature of any common good. Elderly people are heterogeneous, and a just society will respect their reasonable choices regarding medical treatment. Before the point of medical futility is reached, or of low probabilities of success for costly interventions, each individual should be free to make his or her own personal decision that life has run its course, that it is time to throw in the towel. To impose an age-based cutoff is to lose ground for personal conscience, and reflects an undue pessimism about the ability of older people to make good decisions. I know of no ethical theory so compelling and uncontroversial as to justify, for reasons of so-called justice, the imposition of an obligation to die before one personally thinks that "the flame is no longer worth the candle."

Fourth, through age-based rationing, the contributions of elderly people would be lost to society. So many people have made their greatest contributions to society, family, and friends in their old age. Proponents of age-based rationing seem to assume that this "extra time" is dispensable. But regardless of our culture's "cult of youth," human beings are often at their generative best artistically, culturally, and socially in life's final stage.

Fifth, age-based rationing proposals are likely to encourage preemptive suicide among elderly people. No longer allowed access to interventions that would restore them to a reasonable quality of life, they would be condemned to an avoidable and unnecessary downward course that makes assisted suicide or even mercy killing attractive. Abstract theories tend to obscure the brutal fact: it is this person who, simply because he or she is old, must face needless relegation to hospice-like care and death.

Sixth, because women outlive men on average, age-based cutoffs immediately raise questions about justice between men and women. It is particularly interesting that the proponents of age-based cutoffs are men. As I have pointed out elsewhere, it has been estimated that by the year 2000, there will be 37.2 men for every 100 women age eighty-five and older (Post 1991, 124). Thus, when we consider the population most affected by age-based rationing, clearly women are largely the vulnerable ones. To my knowledge, the philosophical proponents of age-based rationing are men who have not given much attention to feminist literature. They are not antifeminist, but clearly nonfeminist and uninterested in gender studies. My own position is that women, who spend so many of their years fulfilling the needs of others through direct caregiving, deserve to have their final years of sisterhood or solitude respected as recompense.

Having made these arguments in a general way, I hasten to suggest that proponents of age-based rationing turn their idealism toward measures to curb health care costs that are more respectful of persons. Age-neutral definitions of medical futility or of poor quality outcome specific to particular disease conditions would be worth considering. But setting limits on the basis of age alone is the wrong approach. As C. Everett Koop warns in the foreword to *Too Old for Health Care?*, "I offer one closing admonition: Be careful! Your decisions about someone else's life might affect your own sooner than you think" (1991, x).

Section II

Whole-Life Economic Perspectives

Chapter 4

Measuring Intergenerational Equity

Marilyn Moon

Careful analysis of public policy is often triggered by controversial tenets put forth with little initial data or justification. The intergenerational equity debate certainly falls into that category. Within the past four or five years, the spectres of intergenerational conflict and greedy retirees demanding unfairly generous treatment have been raised in the media and in policy arenas (see, for example, Longman 1987; Peterson 1987). At the same time, the 1988 passage of catastrophic health legislation created an important new precedent of asking beneficiary groups themselves (in this case the elderly and disabled) to subsidize the benefits for less well-off Medicare beneficiaries. The firestorm of protest over the legislation and its repeal just over a year later indicates the controversial nature of redistribution within a particular age group as well. Finally, the spectre of a Baby Boom generation moving toward retirement heightens nervousness over the issue.

These controversies raise complex issues that are difficult to sort out in an objective analytic context. They play on people's fears of what the future holds in terms of economic growth and well-being; they relate to problems in the American family and workplace that have reduced security for the young; and they relate to the role of government in general in redistributing resources.

Government serves the role as the main explicit redistributor of economic resources, so judgments about the status of various groups implies adjustments to the way in which benefits should be structured and taxes levied. Public transfers do play a pivotal role in the lives of older Americans. Age of retirement continues to decline and the importance of Social Security and Medicare in maintaining standards of living for the elderly has increased. The decade of the 1980s was a period of widening disparity in public transfers between the young and the old. Benefits to the elderly have not been expanded, but relative to the cuts in programs for the young, older Americans have fared quite well. These differences were not accidental; rather, they flow from explicit policy decisions to protect the elderly from the vagaries of the marketplace, and to offer less protection for the working age population.

But other parts of our economy also affect the distribution of income. Any consideration of equity will need to take a broader view than simply comparing transfers. The well-being of younger families is closely tied to their labor force participation and to the growth in wages and the general health of the economy. During the 1970s and 1980s, changes in the overall distribution of income from private sources also helped to increase differences between elderly households and those headed by younger adults. Thus, a considerable share of the disparity results not from differences in transfers but from lower wage growth over time. Exogenous shocks to the economy and other factors beyond individuals' control also create windfall gains and losses to various groups.[1]

How do we go about sorting out the various claims and counterclaims regarding intergenerational equity and justice? This chapter focuses on some of the basic principles necessary to undertake an analytical approach to the issue. The first concern is definitional and methodological. What exactly do we mean by the term "intergenerational equity" and what theories are available to further the analysis? Second, any careful analysis needs to focus attention on measurement issues as well. How do we take definitions and apply them to measure the degree of intergenerational inequality, constrained by the complexity of the issue and the limitations of data? After examining these issues, I briefly discuss some of the additional complications that arise in trying to sort out the policy debate on this issue. In particular, how can analysis help in sorting out the issues for funding benefits for future generations? While research and analysis can help improve our understanding of differences and steer the debate to appropriate measures, judgments about "justice" must be left to policymakers.

Definitions and Measurement

A logical place to begin an analysis of intergenerational equity issues is with a definition of terms. Like all buzzwords, intergenerational equity triggers responses from individuals, but it may mean different things to different people. In common parlance, the term has come to stand for the overly generous treatment of the old as compared to the young, and sometimes to the problems of ensuring that benefits in the future will be supportable. But economists and other analysts seek more objective definitions that can sort out the actual differences in economic well-being across generations.

Defining Equity

Economic theory is rather limited in its treatment of equity issues. Mainstream economists focus on the efficiency of markets. In theory economic efficiency is a much more tangible and readily accepted principle. It is possible to set up problems and maximize efficiency in ways that have obvious real world applications. Even in the area of public finance, much of the theoretical and empirical attention centers on designing taxes to help spur economic growth (or at least to limit incentives that distort economic activity), on redressing market failures, and on determining whether benefits exceed the costs of potential government programs. Redistributional issues in many public finance textbooks are relegated to an empirical section at the end that examines the institutional aspects of welfare and social insurance programs and their possible depressing effects on incentives to work.

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[1] Levy and Michel (1991) discuss in detail these private influences.

Social welfare theory, which does take on the issue of equity, is first constrained by the notion of "utility"—an unmeasurable concept between two individuals. Consequently, applied research in this area has sought to develop proxies for utility. Consumer theory assumes that individuals seek to maximize their well-being by choosing the most desirable combination of goods and services attainable, subject to a set of constraints. Thus, economists separate the utility-maximizing problem into two parts: the resource constraint and the ultimate consumption decision. The actual utility attained cannot be compared across individuals since the choice decision involves differential preference intensities which cannot be measured. However, the resource constraint can be objectively calculated and then compared across individuals. Explicitly or implicitly, most measures of economic status focus on the resource constraint as a proxy. Thus, while utility theory equates well-being to actual consumption, indicators of economic status consider only the *ability* to consume. This is an imperfect solution since economic status measures yield objective indicators that are valued subjectively by individuals. Thus, it is difficult to know whether we have equalized utility for individuals even if we have equalized their economic resources.[2]

But even agreement on a resource constraint approach still leaves many possible alternative measures of economic status to be considered. Indeed, much of the theoretical work of the 1960s and 1970s on consumer theory sought to redefine the resource constraint, determining both the type and specifications of variables to be included. The resource constraint often begins with income as a first approximation. But other elements may be added as well. For example, Becker (1965) advocated incorporating the value of time into the resource constraint, arguing that it both provides utility and serves as a necessary input into the production of other goods and services. Others concentrated on the specification of the resource constraint. Ando and Modigliani's (1963) life-cycle model and Friedman's (1957) permanent income hypothesis sought to expand our view of well-being beyond the traditional one-period models of consumer theory. These more theoretical approaches generally have not had as an explicit goal the development of measures of economic status, but they have served as the theoretical underpinnings for those who have tackled this issue head on.

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[2] Indeed, some economists talk about the extraordinary effort put forth by some individuals in attaining economic status as an indication of the value they place on income as compared to others who value it less. This constitutes an implicit argument for accepting inequality as the "natural order." But such an argument can be circular and does not get us very far in making comparisons across individuals or groups of individuals.

Most of the practical work on equity has focused on measurement issues. A great deal of work has gone on in this area that will only be touched upon in this chapter. But there are a number of general issues that anyone concerned about answering the question of whether there is equity across generations must face.

The Resource Constraint

Many economists have tried to improve upon income as an indicator of the resources available to obtain goods and services. Weisbrod and Hansen (1968) added an annualized value of net worth to income to expand the resource constraint. And a long line of researchers have struggled with how to incorporate the value of in-kind benefits, both public and private, into a form that is consistent with income (Smeeding 1982, Smeeding and Moon 1980). Later research has added private in-kind benefits such as the value of employer-provided health insurance. Others have sought to measure pension and Social Security wealth instead of treating these benefits as flows of annual income (Hurd 1989). Similarly, there has also been considerable empirical work on establishing a measure of the value of time (for example, Sirageldin 1969, Vickery 1977).

A smaller number of researchers have attempted to explicitly focus on improving measures of economic status. In each case, these approaches combine various nonmoney income components as described above. One of the earliest empirical attempts is that of Morgan and others (1962). They emphasized nonmoney components such as benefits from residing with relatives, imputed rent to homeowners, and home production. A family's computed welfare was also reduced by its federal income tax liability. An even more comprehensive attempt to expand the one-period resource constraint was offered by Taussig (1973), which used the net worth approach of Hansen and Weisbrod and valuation of leisure time a la Becker. He also subtracted payroll and income taxes and adjusted for unusual earnings fluctuations.

My own research in this area concentrated on the elderly (Moon 1977) and was similar to the work by Taussig. I focused particularly on further developing government benefits, including in-kind transfers, and private intrafamily transfers. Smeeding (1977) used a similar approach, but for the population as a whole. Garfinkel and Haveman (1977) took a different tack and focused on working-aged persons in developing a measure of earnings capacity. This indicator measures the potential income of a family using its human and physical capital at "capacity." This was an attempt to focus on the permanent income potential of families and avoid the distortions that occur by focusing on shorter periods.

The Appropriate Unit of Analysis

Another practical issue in making comparisons is determining the appropriate unit. Should it be the individual, the family, or the household? And if one is chosen, what other adjustments are necessary to establish equivalence between units that are not alike?

Most Americans live in families—defined as two or more related individuals—that share resources and make joint consumption decisions. For this reason, this is the unit of analysis often used. But the definition of families usually excludes persons who live alone. Consequently, many researchers focus on households, which include both unrelated individuals and families. This is an all-inclusive measure, but one which has the greatest variations in size and composition. It is difficult to compare households with ten members with single individuals unless further adjustments are made.

Researchers sometimes therefore look at individual data and focus, for example, on per capita measures of economic status. This simple adjustment of dividing household resources by family size implicitly assumes no economies of scale for households of various sizes and it treats all types of individuals as being the same.

Yet another approach is to use "equivalence scales" to compare families or households of varying size. The simplest type of equivalence scale used divides the family or household by the relevant poverty threshold to be able to compare otherwise dissimilar groups. Since poverty thresholds presumably hold constant subsistence living standards, they can be used to "scale" economic status measures. But they are most relevant for persons with low incomes and may not be as appropriate for higher status families. Moreover, Ruggles (1990) has pointed out the flaws and problems with our current poverty threshold measures. Nonetheless, this adjustment remains one of the more commonly used equivalence scales.

The point of this brief summary is to indicate the vast array of possible measures and adjustments that can be used to estimate and compare economic status. Many different approaches, yielding somewhat inconsistent results, are possible. Measures appropriate for one subgroup may not be as useful for others. Even more important, choice of one measure over another may distort intergenerational comparisons. For example, wealth holdings are important for retirees and human capital is of more concern when looking at young workers. Using just one of these in a measure will skew the results. Similarly, using the household as the unit of measurement with no equivalence adjustments makes younger families appear to be better off relative to the old because it does not account for differences in household size across age groups.

The Additional Complication of Intergenerational Concerns

Equity is a difficult concept to deal with on its own. Intergenerational equity raises further complications. First, it is not clear that people are in agreement concerning what is meant by "intergenerational." Early economic literature in this area usually refers to intergenerational equity as changes over time, focusing on what factors determine future distributions (Blinder 1974). Often the emphasis has been on inheritance and bequests, but this view of intergenerational issues also concerns economic growth and the ability to pass on well-being through time.

But intergenerational issues as discussed in current public policy debates tend to be viewed in a much broader context. To some, this means comparing different age groups at one point in time. Are elderly households better off than younger households? Others mean intergenerational equity to be comparisons of cohorts at similar stages in their life cycles. How well off are we compared to our parents at our age? Or, how well off will our children be when they reach our age? Finally, the ultimate view of intergenerational equity may be to compare the lifetimes of different generations. How well do generations fare when compared against the full range of experiences? These three approaches can yield very different measures of intergenerational inequality.

Age Inequality

At any one point in time, specific age groups of the population enjoy different levels of economic status. These variations might be termed "age inequality." Unlike some other types of variation in economic status, this type of inequality is an accepted part of the economic organization of the United States. What is more at issue is how much inequality is acceptable or desirable. If we concentrate for the moment on income, a plotting of median incomes by age group shows a steady upward trend for persons during their working years, up to about age fifty. Income then declines for older age groups. Older workers with labor force experience are generally better compensated than younger workers, but early retirements affect medians for persons in their fifties. Older persons experience a decline in incomes, in large part because their pensions, Social Security, and asset income levels were affected by how long they have been out of the labor force.

Historically, this has long been the trend in incomes by age group—a trend that still holds today (see Figure 4-1). But in recent years, the decline for the older age groups has lessened relative to that of the incomes of the young (U.S.

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[1] There are also a number of measurement issues at stake here as well. Some analysts have argued that the elderly are now better off than younger families. See, for example, Hurd (1989) or Smeeding (1986).

Bureau of the Census 1990b). Ironically, some discussions of intergenerational equity treat the fact that older Americans are now doing about as well as younger families—a *decline* in age inequality—as an undesirable change.[3] This may be more an artifact of the size of government transfers to this group than an absolute belief that older persons should have lower incomes. Nonetheless, age inequality is more readily accepted than general inequality.

This particular type of measure should be of most relevance to those who focus on options for immediate policy changes. This includes those who talk about shifting resources from the old to the young in recognition of the higher levels of poverty among children. For example, a *Scientific American* article by Sam Preston (1984a) takes that approach in questioning how public policies might change to redress the imbalance.

As described above, these comparisons of intergenerational differences depend critically on the choice of the basic measure of economic status. Resources that reflect each generation's specific advantages and disadvantages need to be considered. But the comparisons are still limited to one point in time and the problems raised by measurement basically are those present for any measure.

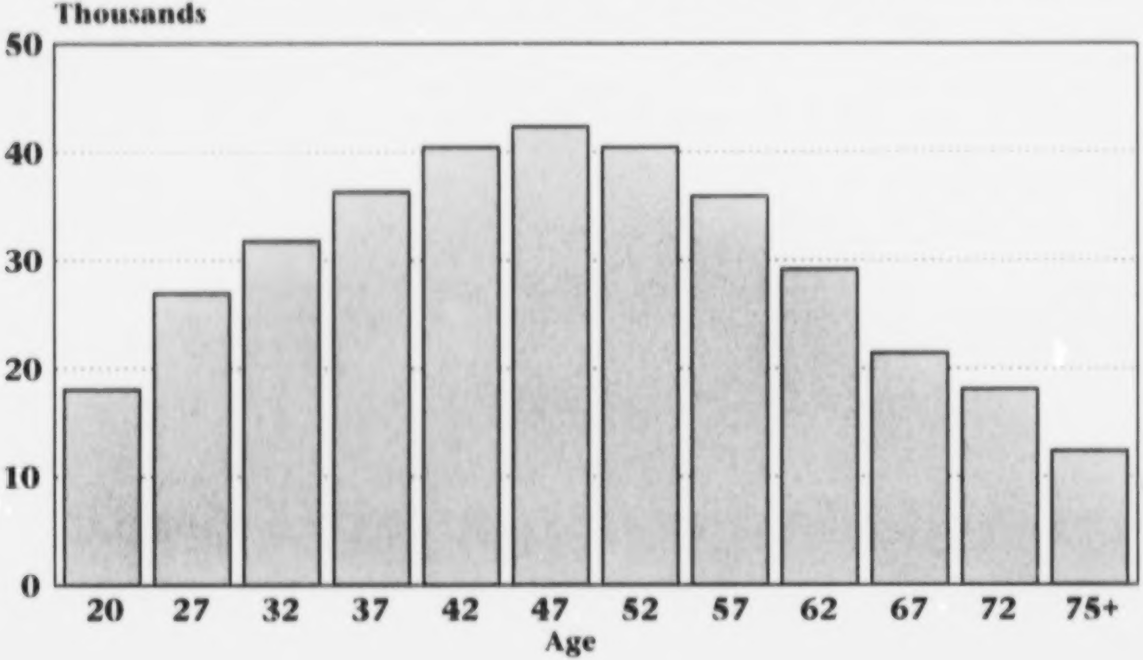
The pattern of age inequality at one point in time is influenced by the effects of economic growth that have tended to make each generation better off than the last. In general, this means that the increases in incomes shown for individuals during their working years are lower and the declines for the above sixty-five age group are greater than if we were actually tracking lifetime incomes for particular age cohorts. We might reach different conclusions about equity if we knew that the young will do better at other points in the future or that the elderly were similarly disadvantaged in their youth. Consequently, some researchers have sought to look instead at a second measure comparing cohorts, but holding age equal.

Life Stage Differences

This type of intergenerational comparison seeks to account for cohort differences by looking across time at groups with otherwise similar characteristics. For example, such an approach would compare the elderly in 1970 with those in 1980, or two generations at the same stage in their life cycles. For example, Frank Levy and Richard Michel (1991) take such an approach in their book on family economic status.

The issue of whether we are better off than our parents strikes many Americans as a reasonable question and an important benchmark of progress. Again, increases for succeeding generations are considered desirable. We have, as a society, come to expect that sort of progress over time. And comparing individuals at the same points in their work lives and family formation finesses some of the equivalence issues raised by age inequality comparisons. The same resources and equivalence adjustments should be relevant across generations.

Figure 4-1
Median Income of Households by Age of Householder, 1990



But cross-time comparisons create formidable new challenges as well for measurement. At a minimum it is essential to adjust for price differences to understand differences in standards of living. Nonincome indicators such as the availability of leisure time are also important. Other more intangible adjustments are often beyond the scope of most studies, but it is not just prices that change over time but also the availability of goods and services, and other changes that affect the quality of our lives and make comparisons difficult. For example, we can now travel great distances rapidly and we have made great medical advances extending our lives, but we also have more congestion and lower quality air to breathe as compared to previous generations.

When the differences are very large and positive for each younger cohort, as they have been in the past as a result of rapid economic growth, adjustments for more intangible factors are not as crucial. The trend was clear and incorporating additional factors would not have shifted the basic conclusion indicating that each new generation was better off than the last. But slower economic growth, changes in demographics, and other factors have made the comparisons much tougher to call. Intangibles effectively become more important.

Further, one of the problems with such a life stage measure is that it compares generations only at one point in time. If the pattern of lifetime incomes is the same in each generation, then comparisons of this sort reflect overall differences as well. But there is no reason to believe that these patterns remain the same, particularly if, for example, earnings are growing more slowly over time or if other changes are taking place. Take for example Figure 4-2, which shows average lifetime income streams for two hypothetical cohorts. If the comparisons are made between both groups at age forty-five (points A and B), there may be little difference in earnings streams at that point in each group's lifetime. But over the whole lifespan of the cohorts there have been greater differences. This suggests yet another possible measure of intergenerational equity.

Cohort Differences

This third and most comprehensive way to define and measure intergenerational differences recognizes that it may be misleading to look at only one point in time when making comparisons. In the case of Figure 4-2, cohort 2 has much higher economic status in the early years, but earnings growth fails to occur rapidly over the individuals' life cycle. Indeed, this is what many people hypothesize is happening to the Baby Boom generation. High standards of living early in the lives of this cohort raised expectations that they would continue to be better off than their parents indefinitely.

Nonetheless, it is important to note that in this example, at other stages in the life cycle, there were greater differences. Measures of cohort differences would take the sum of lifetime economic status and only then compare cohorts. It also helps to point out that policy interventions, which will most directly alter the level of income for the age sixty-five and older generation, deal with only a small portion of the relative economic status of each cohort.

Comparisons of interest will generally involve at least one cohort whose lifespan is not yet complete (as is the case with cohort 2 in Figure 4-2). Nonetheless, a broader measure of this sort could allow us to indicate what future streams of income would be necessary to obtain a certain rate of growth across cohorts.

But is this the "best" measure for analyzing intergenerational equity? That is difficult to evaluate. It is certainly the most complete (and the most difficult to measure). But it may be that economic status matters more to individuals at some ages than others. Many young people accept lower economic status while going to school or taking training in order to attain higher gains later, for example. To what extent, however, should we focus on some periods and not on others? Do we simply sum lifetime incomes or make other adjustments that implicitly weight resources received at different times? For example, comparisons of working age adults may be particularly relevant to examine the issue of whether they can support redistributive programs and still be better off than the previous generation. Once again, we are faced with a complication that underscores how subjective economic status may be, and the inherent limitations in finding practical proxies that make common sense. This adds yet another dimension to the problems of establishing reasonable comparisons.

Inequality Within Cohorts

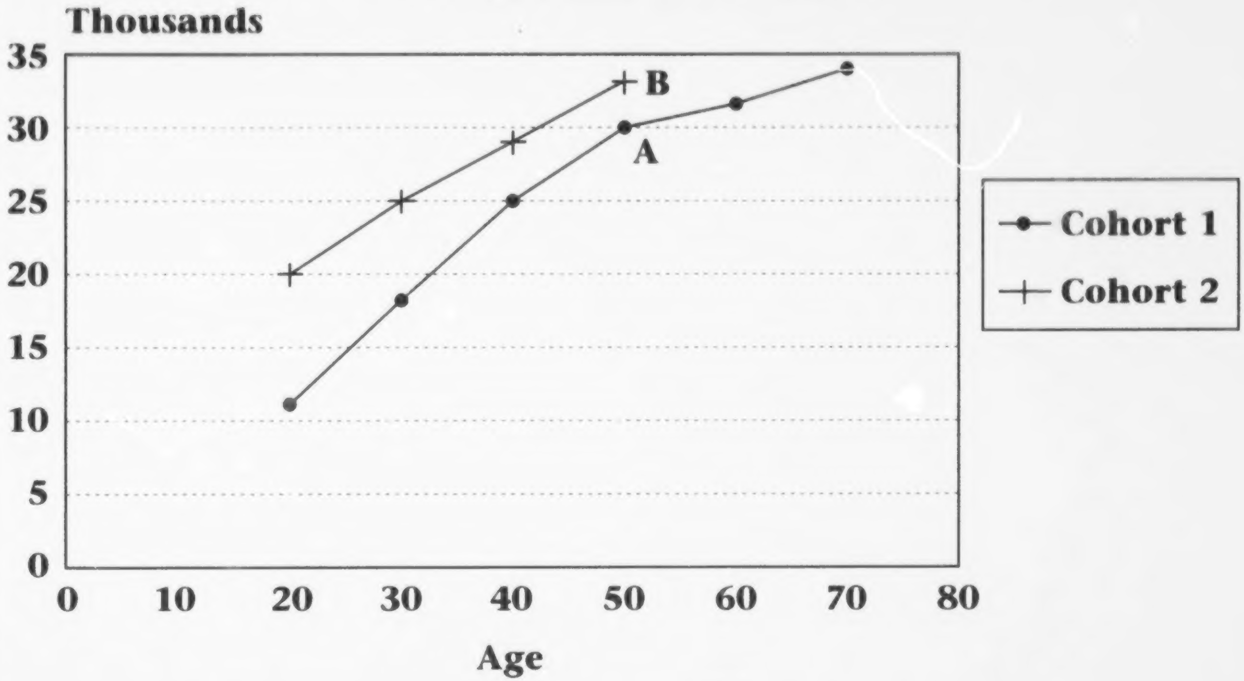
To keep the discussion as simple as possible, thus far I have focused on comparing the medians of measured economic status for cohorts. But within each cohort is considerable inequality as well. This then results in a range of values around the measure of economic status at each age and for each cohort. Comparisons actually involve ranges of economic status, which may result in considerable overlap between groups. The greater the inequality within cohorts, the more difficult it is to compare them. Since inequality has been increasing for nearly the last twenty years, the precision with which intergenerational comparisons can be made is effectively decreasing.

Further, appeals for intergenerational equity are sometimes confused with basic inequality issues. If the goal is to shift government transfers away from high-income seniors to children in poverty, age is less the issue than is level of income. In this case, it may be that the term "intergenerational" is unnecessary. The transfers away from older Americans are advocated because that is where the money is and a shift in who receives what benefit may be politically easier than raising taxes to help children. The real goal is reducing inequality for children.

Considering Intergenerational Issues and Public Policy

Although we have only scratched the surface in discussing what is needed to make careful intergenerational comparisons, there are some trends that would likely be validated by any measures used. First, the position of children in our

Figure 4-2
Lifetime Income Stream for
Two Hypothetical Cohorts



society has become increasingly vulnerable, both absolutely and relative to others. Young children, in particular, are likely to live in poor families. Second, older Americans' economic status has substantially improved in the last thirty years, but so has that of upper-middle class and high-income families, especially those in their forties and fifties. Third, the demographics of the population, *if* combined with continued slow economic growth, will create some tough choices for future redistributive policies. The size of the dependent populations in our society will be high relative to the working population. Without reasonable levels of economic growth, it will be difficult to sustain programs such as Social Security and Medicare.

These well-accepted observations give rise to two sets of policy discussions that need to be kept quite distinct: short-run redistributional issues and long-run intergenerational concerns. For each of these, better measures of economic status for intergenerational comparisons may help inform the policy debate.

The Short Run

Historically, public sector transfers targeted at the old have been broad based, offering universal coverage through social insurance. Benefits to children and young adults, on the other hand, have largely been restricted to those in need (with the exception of education). Part of the justification for this approach has been the assumption that transfers to the elderly do not result in adverse financial incentives and lost work: i.e., the social costs of transfers to the elderly are not as high as for working age families. In addition, the redistributional goals of offering protection to all older Americans, regardless of their work histories or other characteristics, have been much less controversial. The social benefits of such transfers have been widely accepted.

Moreover, the public policies that increased the generosity of Social Security and added Medicare came at times during the post World War II period when economic growth was high. They represented a redressing of previous perceived imbalances in intergenerational equity and a sharing of the benefits of economic growth with those who were no longer in the mainstream. These were explicit policies meant to reduce age inequality. These changes were also enacted when life stage differences showed clear advances for those in their working years.

On the surface, at least, it appears that attitudes toward these programs are beginning to change. Recent legislation affecting older Americans has moved in the direction of increased targeting of benefits. For example, taxation of Social Security benefits as part of the 1983 amendments represented a change aimed only at individuals with relatively high incomes from all sources. Similarly, the Tax Reform Act of 1986 offered the lowest tax relief to higher income seniors—a group which has historically enjoyed low tax liability. Gradual cuts in the Medicare program in the 1980s passed on some additional costs to elderly beneficiaries, directly through higher deductibles and premiums, but also through the indirect effects of more restrictions on coverage of certain types of care.

Thus, some redress of preferential treatment for those with higher incomes among the elderly has been occurring.

What is not clear from the current policy debate is whether this type of intergenerational equity concern arises because there is a perceived imbalance by age group, concerns about life stage or cohort differences, or because of a more general questioning of the value of ever redistributing income. If we wish to redistribute resources to children, there are three basic ways of doing so: reducing benefit programs for the elderly, reducing other government spending, or taxing other groups who also fared well over the period such as the wealthy. At least two of these choices have different consequences for intergenerational inequality, however measured. But that may not be the driving influence. Fear of the political costs of raising taxes to pay for public programs of all sorts—essentially a dislike of government activity of any sort and not just for redistributional goals—may constitute an added dimension to the policy debate. Some of the call for shifting aid from the old to the young may thus be an acceptance of the difficulties of freeing up resources in any other way.

The Longer Run

It is actually easier to imagine how to change programs targeted at the elderly over the long run to achieve more targeting since this could be done before any initial benefits are received. We could institute policies that would lower the size of Social Security payments, for example, by changing the benefit formulas. The age of retirement is already set to increase. That could be changed further and apply to Medicare as well. The programs could, thus, be made less burdensome, while still protecting those with the lowest economic status. And since they could be phased in over a long period of time, the changes would be much less obvious than current adjustments such as reduced cost-of-living adjustments or increased Medicare contributions.

But that, I suspect, does not ease the concern of some that *this* generation of elderly will receive a windfall, while the next generation will not do nearly as well. It is essentially the issue of how the rest of the lifetime income stream for the Baby Boom will be filled in and how that will compare with the present generation. Since the life stage or cohort comparisons will be made with a generation that not only benefited from economic growth during its working years, but also from generous public benefits after retirement, future generations may be unable to replicate the gains. The nature of a pay-as-you-go social insurance program is that the rules were drawn up earlier, but the burdens fall on today's young workers.

In this case the issue of intergenerational equity becomes intertwined with the difficulty of guaranteeing that the compact across generations will continue and that future workers will be able to support future retirees. Adjusting current benefit levels would, at best, have only an indirect impact on that open question. If cuts in current elderly programs could stimulate economic growth, then a contribution is possible. Perhaps the best way to achieve that would be to tie any cut to enriched programs for children to improve our future human capital or for infrastructure improvements. And even then we cannot be assured of the outcome. Other unforeseen burdens or opportunities are also likely to intervene, making it extremely difficult to ensure "intergenerational equity" in the future. Just as windfalls helped improve the economic status of the current elderly—e.g., enormous gains in home values, strong economic growth in the 1950s—there could again be changes that dramatically raise (or lower) the economic status for everyone in the future.

There is another way that changing behefits now could be understood, however. If this generation of workers takes back some of the promised benefits, it could raise its current resources as "compensation" for the prospects of lower resources at retirement. This would be an attempt to increase cohort differences by expanding age inequality. This indeed seems to be the logic of some policymakers. This logic essentially reverses the claim that if we take care of our current elderly, the next generation will take care of us. Moreover, it represents a very risky strategy since it bases its justification on fears for the future rather than on knowledge about what the future will likely hold.

Both historical studies of intergenerational equity and careful projections of alternative scenarios could help inform this debate. But this is an issue that has proven to be remarkably resistant to careful analysis and discussion; the issues are complex and the possible different answers using alternative measures imply that this is an issue not likely to be settled in the near future.

Chapter 5

Justice and Generational Accounting

Laurence J. Kotlikoff

Introduction

Generational justice used to be an issue primarily of academic debate. Today it is a matter of substantial public concern. There are numerous reasons for the heightened interest in the treatment of different generations, including the seemingly colossal run-up in U.S. government debt, the growing impoverishment of children, and the uncontrollable spending on the health care of the elderly. The most important reason is probably the two-decade-long stagnation in U.S. real wage growth that belies the traditional view that the next generation always has it better. Real wage growth has slowed in part because of factors out of our control, such as international competition from low-wage countries, but also because of our own failure to invest in human and nonhuman capital. Scholastic Aptitude Test (SAT) scores and less formal indicators document the failure to educate the next generation, and our national rates of saving and investment, comparable only to those of less-developed countries, document the failure to supply the next generation with the physical capital necessary to raise productivity.

While concern has grown about the relative treatment of the young, middle aged, and old, as well as future generations, there has been little public discussion about precisely what that relative treatment should be. Nor has there been frank recognition of the zero sum nature of generational policy, namely that helping one generation is likely to require hurting some other generation. Indeed, it is only within the last year that the federal government has begun to describe in a systematic manner its treatment of different generations.[1] This paper tries to amend this state of affairs in two ways: first, by providing an economics perspective on generational justice and, second, by describing a new method, called generational accounting, that can be used to assess the government's generational policy (see Kotlikoff 1992; Auerbach et al. 1991; and "Generational Accounts Presentation" 1992).

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[1] See "Generational Accounts Presentation" (1992). This chapter of the President's Fiscal Year 1993 budget was coauthored by the author, Mr. Robert Kilpatrick of the Office of Management and Budget, Professor Alan J. Auerbach of the University of Pennsylvania, and Dr. Jagadeesh Gokhale of the Cleveland Federal Reserve Bank.

Generational Justice: An Economics Perspective

To economists generational justice refers to an equitable distribution of economic resources across generations, including those alive and those yet to be born. Whether a particular intergenerational distribution of resources is viewed as equitable depends on the intergenerational distribution of welfare (utility) it engenders. What constitutes a fair distribution of welfare is a normative judgment to which economics per se provides no particular guide. What economics brings to the discussion is a description of which intergenerational welfare distributions are economically feasible. It also indicates the mechanisms—some remarkably subtle—that governments can use to attain the socially desirable cross-cohort distribution of welfare.

Through the early 1970s, the social choice process appeared to be producing a distribution of welfare that involved successive generations enjoying ever higher standards of living. But a variety of government policies adopted before and after the early 1970s, coupled with a not-well-understood slowdown in technological change, appear to have brought us to a position in which those persons born in the future will be no better off, and may be worse off, than those now alive.

For some the notion that those born in the future could be worse off economically than we are today may be difficult to grasp. After all, won't technological progress ensure that those born in the future will experience higher living standards? Not necessarily. Economic theory (and common sense) tells us that technological know-how does not produce goods and services in a vacuum. Rather it must be embodied in capital goods and used, together with labor, to produce output. But the availability of capital goods requires saving. Government policies which encourage consumption by current generations can reduce saving and capital accumulation by more than enough to offset technological progress. In addition, governments can use their tax-transfer mechanisms to redistribute the benefits of technological change from later to earlier generations.

To make this discussion a little more concrete let's consider two extreme societies, the first in which successive living generations always sacrifice as much as possible to raise the welfare of those who will live far off into the future. The second society involves current generations attempting to extract as much economic resources as possible from future generations. Let's call the first society the future-oriented society and the second society the present-oriented society.

In the future-oriented society every effort is made to limit the consumption of those currently alive and raise saving and investment to provide future generations with as much capital as possible with which to work. The Soviet Union under Stalin is an example of such a society. In that case the government effectively confiscated and invested all but a small fraction of the economy's output. Of course, the Soviet Union's central command over the economy proved to be highly inefficient. A much more successful future-oriented policy could, no doubt, have been effected in a market setting. In a market economy the government could have used taxation to finance a significant level of direct government investment in the economy. Alternatively, it could have used fiscal incentives to stimulate more private saving and investment.

In the present-oriented society the living strive to raise their own consumption levels as much as possible even at the cost of lower consumption for those coming in the future. While saving current output for use by future generations is clearly feasible, how can society reverse that process? How can it get those in the future to pay for the increased consumption of those alive today? The answer is to play what might euphemistically be called "pass-the-generational-buck." It involves each successive generation of old people taking resources from the contemporaneous generation of young people; the old and young who are currently alive can consume more at the expense of their progeny by having the current young give resources to the current old and when the current young are themselves old, they can tax or otherwise confiscate resources from the next generation of young. This successive taking of resources from each new set of young and giving them to the contemporaneous old is just the opposite of what happens in the future-oriented society. There each generation of elderly hands resources to the contemporaneous young, who, if they wish to continue the process, will save up these resources and when that generation is old, pass them to the subsequent generation of young.

Limitations to Intergenerational Redistribution

As already hinted, there are limits to how much a future-oriented government can help those living in the future. There are also limits to the amount of resources a present-oriented government can extract from future generations. In the extreme, a future-oriented government could force its population to work its utmost and permit it to consume at only a subsistence level with the difference between the maximum output and the minimum consumption being saved for the next generation. In the case of a present-oriented government, securing the maximum consumption for those now alive would likely entail forcing all subsequent generations to work as much as possible while providing them with only a subsistence level of consumption. Whatever are the maximum resource transfers to and from future generations, they are finite, indicating that there are limits to the feasible set of intergenerational distributions of welfare.

The feasible set of welfare distributions is even more constrained when one considers the practical limitations on governments' abilities to coerce work effort and limit consumption. If the government must rely simply on fiscal levies and incentives, the feasible set of intergenerational welfare distributions may be much smaller than if the government can coerce behavior on pain of death or other severe penalty. Tax evasion and tax avoidance set limits to the amounts that governments can collect and redistribute across generations.

In the past decade economists have developed rather elaborate dynamic computer simulation models that can be used to explore the range of feasible intergenerational welfare distributions given the types of fiscal instruments available in advanced economies (see, for example, Auerbach and Kotlikoff 1987). These models take into account not only the direct redistribution from tax-transfer programs, but also the incentive effects of such programs on saving and labor supply behavior as well as the feedback effect of changes in saving and labor supply on wage rates and real interest rates. These factor prices changes can be as important as the direct changes in taxes and transfers in affecting the welfare of different generations.

While the simulation analyses clearly show the limits of what intergenerational redistribution can achieve, they also indicate that the feasible set of intergenerational welfare distributions is very large, meaning that actual policies can greatly help (hurt) current generations to the very significant harm (benefit) of future generations. The simulation analyses also indicate that the fiscal policies adopted in the United States in the postwar period are precisely those that would lead to a major redistribution toward those alive in the present—particularly the elderly—and away from those who will be alive in the future. Finally, the simulation analyses show that a wide range of fiscal instruments are capable of altering the intergenerational distribution of welfare.

Fiscal Instruments That Redistribute Across Generations

All the fiscal instruments used to effect intergenerational redistribution have a common feature; namely, they take resources from (give resources to) younger generations and hand these resources to (extract these resources from) contemporaneous older generations. If these policies are ongoing, the younger generation giving up (receiving) resources may, in its old age, receive back (give back) from the next set of young more than it originally gave up (received). Unlike the first set of young people, the first set of old people will not be around in the future to participate in further intergenerational redistribution. So if they are forced by the government to hand over resources in their old age, the government will not be able to give them these resources back at some future date. Alternatively, if they are given resources by the government in their old age, the government will not be able to reclaim these resources in the future.

Deficit finance is the intergenerational transfer mechanism that receives the most public attention. When the government cuts taxes and borrows to cover its spending, it reduces the payments required of current generations. When, in the future, the government is forced to raise taxes to cover payment of interest on the additional debt that was floated, those who were old at the time of the tax cut may no longer be alive or may have very little taxable income. In contrast, those who are young at the time of the tax increase will face taxes that are higher than they otherwise would have been. Thus deficit finance constitutes a transference of resources toward older generations and away from younger generations.

Another fairly well-understood way the government can hand resources from the young to the old is through a "pay-as-you-go" Social Security system. In the United States this mechanism transferred huge sums to the start-up set of elderly Americans who reached old age in the 1950s, 1960s, and 1970s. Those Americans who reached old age in the 1980s and in this decade have also received sizable Social Security benefits, but these benefits probably represent no more than payment of interest plus principal on their past contributions to the system. These generations, in other words, are breaking even on a lifetime basis with respect to Social Security. In contrast, generations retiring at the turn of this century and thereafter will receive benefits that are far smaller than the return of principal plus interest on their contributions.

The U.S. Medicare system is a second example of pay-as-you-go redistribution from young and future generations to the elderly. In the case of Medicare, which was initiated in 1965, the start-up generations of the elderly include all those who were age sixty-five and over in the years since 1965. They also include those who will reach age sixty-five later in this decade. The reason is that real Medicare benefits continue to rise at a very rapid rate meaning that, with respect to Medicare benefit increases, the current elderly are actually the start-up generation of elderly.

Less familiar means of generational redistribution are changes in the tax structure. Consider, for example, a "revenue neutral" switch from consumption taxation to labor income taxation. Since the elderly, most of whom are retired, pay a bigger share of consumption taxes than they do of labor taxes, this policy leaves the elderly paying less in net taxes and the young paying more. While the young will face lower consumption taxes when old, the immediate increase in their labor income taxes will exceed, in present value, their future reduction in consumption taxes.

A switch in the tax structure from consumption to income taxation is not simply a hypothetical possibility, rather it is precisely what has taken place in the U.S. tax system over the last forty years. In 1950 total taxes on labor income (including payroll taxes) were roughly equal to those on consumption. Today, total taxes on labor income are almost four times larger than those on consumption.

Other changes in taxes can also redistribute intergenerationally. Consider, for example, an increase in the progressivity of income tax rates that does not change total income tax collections. Since the taxable incomes of the elderly are, on average, lower than those of the young, this "revenue neutral" tax change is anything but generationally neutral. Rather, it reduces taxes on the elderly and raises taxes on the young.

Changes in the pattern of government spending can also redistribute across generations. Consider, for instance, cuts in state government spending on elementary education due to the need to meet rising Medicaid expenditures on old age nursing homes. This too constitutes a transferring of resources from the young to the old.

The most subtle form of intergenerational redistribution by the government works through asset markets. Since the elderly own most of the economy's capital, any policy that raises the market value of capital will raise the welfare of the elderly, but reduce the welfare of the young, who, through time, purchase the capital owned by the elderly at the higher price. Investment incentives represent examples of policies that change the market values of existing assets. Investment incentives are frequently changed, and they can redistribute startlingly large amounts of resources across generations. Investment incentives represent subsidies to the purchase of newly produced capital goods. Since these subsidies are not available to previously produced capital, and since this previously produced capital must compete with newly produced capital in the market place, the market value of previously produced capital (most of which is owned by the elderly) will fall by the extent of the subsidies.

If investment incentives are reduced, rather than increased, the market value of previously produced capital will rise, affording the elderly a capital gain and the young an effective capital loss. In the 1980s there were tremendous changes in investment incentives. In the 1982 Tax Equity and Fiscal Responsibility Act and the 1986 Tax Reform Act, Congress and the Reagan administration eliminated virtually all the investment incentives that had been provided in the 1981 Economic Recovery Tax Act as well as in previous legislation. The estimated capital gain arising from these two pieces of legislation is almost $750 billion, most of which represented a transfer of resources to the elderly and away from their children, grandchildren, and subsequent issue ("Generational Accounts Presentation" 1992, 179).

Are We Aware of Our Treatment of Different Generations?

While the public as well as our elected officials seem painfully aware of the generational implications of accumulating official government debt, they seem largely unaware of most of the other mechanisms of intergenerational redistribution described above. Even in the case of pay-as-you-go Social Security and Medicare there is great confusion as to how these programs treat different generations. Certainly, neither the President nor most in Congress would admit publicly the point that most knowledgeable economists would immediately concede—namely that these two programs have redistributed much larger amounts of economic resources away from today's young and future Americans than the amounts associated with the roughly $3 trillion worth of official government debt that is on the books. One piece of evidence that supports the view that our politicians are missing the generational forest for the trees is the 1990 Omnibus Budget Reconciliation Act. This legislation was passed amidst considerable administrative and congressional breast-beating concerning the supposedly horrendous size of the federal deficit and its implications for our children. Yet this same legislation, dedicated to the economic protection of our descendants, enshrines pay-as-you-go finance as fiscally prudent economic policy. Specially, the 1990 law that limits increases in the official budget deficit permits unlimited increases in Social Security benefits provided they are paid for on a pay-as-you-go basis.

Given that politicians are less than fully aware of their massive intergenerational redistribution through Social Security and Medicare, there is little reason to believe they are aware of the intergenerational redistribution they effect through changes in the tax structure, changes in the degree of tax progressivity, changes in the age-pattern of government spending, and changes in investment incentives. From the perspective of economics, these policies are just as much deficit policies as those that eventuate in increases in the amount of outstanding bonds entered on the government's books. Indeed, the fact that this redistribution does not show up on the books as additional government debt is simply a reflection of the choice of words the government uses to describe these policies. For example, since its inception the federal government has been calling Social Security contributions "taxes" and Social Security benefits "transfer payments." Were the government instead to use the words "borrowing" to describe the Social Security contributions it has taken and will continue to take from young workers and the words "repayment of borrowing" to describe at least a portion of the Social Security benefits it will pay these individuals in the future, the government would, according to the Trustees of the Social Security system, place roughly $7 trillion more official debt on its books.

Generational Accounting

If the government's official debt can more than triple just by switching from one set of words to another, the size of this number cannot be telling us what we need to know about generational policy. Rather than argue endlessly about what words we should use to construct the government's deficit, it seems more sensible to measure directly the government's treatment of different generations. Generational accounting does just this. It indicates how much different generations will pay, in present value, over their remaining lives in taxes net of transfers. Properly used, generational accounting avoids the just-mentioned labeling problems that make the federal deficit a description of our choice of vocabulary rather than our underlying generational policy.

Generational accounts indicate not only what existing generations will pay, but also the likely payments required of future generations. The burden on future generations is determined by working through the government's intertemporal budget constraint. This constraint says that the present value of the government's spending on goods and services cannot exceed the sum of three terms: (1) the government's net wealth, (2) the present value of net payments by current generations (the sum of the generational accounts multiplied by the number of people in each generation), and (3) the present value of net payments of future generations. At any point in time we can project the present value of the government's spending and also estimate terms (1) and (2). By subtracting (1) and (2) from the present value of government spending we can determine (3), the aggregate present value burden on future generations.

According to the intertemporal budget constraint, all spending that the government cannot cover through its net worth or through net taxes assessed on current generations must be obtained from future generations. This is the zero-sum nature of generational policy alluded to above. The intertemporal budget constraint also points to the difficulty of resolving the generational welfare distribution problem through a libertarian solution in which each generation "pays its own way." If there were no public goods, whose costs needed to be shared, the libertarian solution would involve zero net tax payments for each generation. In other words, each generation would pay its own way and would neither receive nor make transfers to other generations. But in the presence of public goods, particularly durable public goods (e.g., maintaining the quality of the environment), the operational content of "each generation pays its own way" is no longer clear.

Generational Accounts for 1990

Table 5-1 presents 1990 generational accounts for males and females, respectively, for every fifth generation alive in 1990. The first column, denoted "net payment," indicates the present value difference between the taxes and transfers that members of these generations will pay, on average, over their remaining lives. The remaining columns show that this present value net payment is the difference between the present value of remaining lifetime labor income taxes, capital income taxes, payroll taxes, and excise taxes less the present value of remaining Social Security transfers, health transfers (Medicare and Medicaid), and welfare and other transfers. Essentially all National Income and Product Accounts (NIPA) taxes and transfers of federal, state, and local governments are included within the four tax and the three transfer categories.[2] As the table shows, young and middle-age generations will pay, in the future, substantially more taxes in present value than they will receive in transfers. For males who were age forty in 1990, the present value of projected taxes is $177,400 more than the present value of projected transfers. For newborn males the present value net payment is smaller, $76,400. Children in general have a smaller fiscal burden than young and middle-age workers because they will not pay much in the way of taxes for a number of years. Net fiscal burdens are largest for those generations in their late twenties and early thirties, reflecting the fact that they are nearing their peak tax paying years. Older generations, who are largely retired, have negative net fiscal burdens; in present value terms, these generations will receive more Social Security, Medicare, Medicaid, and other future benefits than they will pay in taxes. Women have a smaller fiscal burden than men, mostly because they earn less income and, therefore, pay less income and Social Security taxes. The generational accounts are strictly forward-looking and, as such, do not take into account the taxes paid to the government in the past or the transfers received from the government in the past. This point needs to be kept in mind when considering the accounts of those currently alive. The fact that forty-year-old males can expect, in present value, to pay more in the future than they receive, while the reverse is true for sixty-five-year-old males, does not necessarily mean the government is treating forty-year-old males unfairly. Males who are now sixty-five years old paid considerable taxes when they were younger, and those past taxes are not included in this analysis. Consequently, a direct comparison of the accounts of these two generations is inappropriate.[3] The usefulness of generational accounting is not in such comparisons, but rather in (1) analyzing the intergenerational effects of a particular policy change by comparing the values of the generational accounts with and without that change and (2) comparing the fiscal burdens on newborns and future generations (the last row in the table) that will occur under existing policies. For both these comparisons, all the taxes and transfers being analyzed are in the future. These comparisons, therefore, rather than the initial baseline level of the accounts, should be the focus of attention.[4]

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[2] Employee retirement and veterans benefits paid by government are considered to be a form of employee compensation and are treated as the purchase of a service, rather than as transfer payments.

The Burden on Future Generations

How will the total burden on all future generations be spread over the particular generations showing up in the future? No one knows for sure. But let's assume the burden is spread smoothly across all future generations, such that each new generation's burden keeps pace with the economy's rate of productivity growth. Then knowing the total amount future generations will pay and projecting the number of people showing up in the future, one can determine the growth-adjusted burden (generational account) on the average American who will be born in the future.

As Table 5-1 indicates, if policy toward those generations now alive is not changed, future generations—those born in 1991 and beyond—are projected to bear a 79.2 percent (136.9/76.4 = 53.2/29.7 = 1.792) larger fiscal burden than will 1990 newborns. The $136,900 net burden of future males and the $53,200 net burden of future females assume that all those of a particular sex born in the future pay the same amount over their lifetimes after adjusting for growth. They also assume that the ratio of net burdens of future females to that of future

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[3] Comparisons of the lifetime fiscal burdens of different generations is a goal for future research on generational accounting.

[4] Another point to bear in mind is that policy-induced changes in generational accounts may to some degree be offset by changes in private transfers.

Table 5-1. The composition of male generational accounts as of 1990 present values of receipts and payments.

(thousands of dollars)

		Payment				Receipts		
Generation's age in 1990	Net payment	Labor income taxes	Capital income taxes	Payroll taxes	Excise taxes	Social Security	Health	Welfare
0	76.4	28.6	10.9	30.3	26.3	5.5	10.9	3.3
5	98.1	36.7	14.1	38.9	30.5	6.8	11.1	4.2
10	123.6	46.9	17.9	49.7	34.8	8.2	12.1	5.4
15	154.8	59.9	23.0	63.5	38.9	10.0	13.7	6.9
20	182.2	71.3	28.7	75.9	41.4	11.9	15.1	8.1
25	196.8	76.5	35.5	81.5	42.5	14.1	16.6	8.5
30	201.1	77.1	42.7	82.3	42.8	17.1	18.5	8.1
35	195.2	74.0	49.8	79.1	42.3	21.2	21.3	7.5
40	177.4	67.5	55.3	72.3	40.7	26.6	24.9	6.9
45	146.3	58.1	58.2	62.3	37.8	34.5	29.3	6.4
50	103.9	46.7	57.8	50.2	34.0	44.9	34.2	5.8
55	52.2	34.5	54.2	37.1	29.9	58.5	39.8	5.2
60	−6.4	21.5	47.9	23.3	25.6	74.5	45.7	4.6
65	−58.3	9.7	40.0	10.5	21.4	83.0	52.9	4.0
70	−65.1	4.3	31.6	4.6	17.5	71.7	47.9	3.5
75	−58.2	1.9	23.9	2.1	14.0	55.7	41.6	2.8
80	−47.5	0.6	18.2	0.6	11.0	41.8	34.3	1.9
85	−35.8	–	15.1	–	8.9	31.6	27.3	0.8
90	−2.0	–	6.9	–	1.8	5.8	4.9	–
Future generations	136.9							
Percentage difference future versus age zero	79.2							

Source: "Generational Accounts Presentation" (1992)

Table 5-1 (continued). The composition of female generational accounts as of 1990 present values of receipts and payments.

(thousands of dollars)

		Payment				Receipts		
Generation's age in 1990	Net payment	Labor income taxes	Capital income taxes	Payroll taxes	Excise taxes	Social Security	Health	Welfare
0	29.7	16.1	4.1	17.0	24.0	6.1	18.7	6.6
5	41.0	20.6	5.2	21.8	27.9	7.5	18.6	8.5
10	53.5	26.3	6.7	27.9	32.5	8.9	20.1	10.9
15	67.8	33.5	8.6	35.6	37.2	11.0	22.3	13.8
20	79.4	39.4	10.7	42.0	40.6	13.2	24.3	15.7
25	83.4	40.5	13.3	43.3	42.5	15.8	26.2	14.1
30	81.4	39.0	16.7	41.6	43.1	18.7	28.7	11.6
35	74.8	36.4	20.4	38.9	42.6	22.1	32.2	9.3
40	62.5	32.7	23.7	35.0	41.1	26.0	36.7	7.3
45	42.6	27.9	26.2	29.9	38.5	31.9	42.4	5.6
50	15.4	22.3	27.4	23.9	35.1	40.1	48.9	4.3
55	−19.4	16.1	27.2	17.3	31.2	51.5	56.1	3.5
60	−58.0	10.0	25.4	10.8	27.1	64.8	63.4	3.0
65	−88.4	5.1	22.4	5.5	23.1	70.9	70.9	2.7
70	−90.0	2.2	18.5	2.3	19.4	64.9	65.0	2.4
75	−81.0	0.7	14.0	0.7	16.0	54.0	56.3	2.1
80	−67.5	–	9.3	–	13.0	42.5	45.7	1.7
85	−53.0	–	4.7	–	10.5	32.3	34.6	1.3
90	−8.1	–	0.5	–	1.8	5.0	5.2	0.2
Future generations	53.2							
Percentage difference future versus age zero	79.2							

Source: "Generational Accounts Presentation" (1992)

males is the same as for newborns in 1990.

The growth adjustment is needed because future generations can be expected to pay more taxes net of transfers received since their incomes will be higher. To assess properly the excess burden to be imposed on future generations, it is necessary to calculate the increase in the fiscal burden that is above and beyond the amount that would arise due to economic growth. The growth adjustment may be understood by considering the present value net fiscal burdens of successive newborns. First, take the case of males. Those males born in 1991 pay $136,900 times the growth factor, which equals one plus the growth rate. Those males born in 1992 pay $136,900 times the growth factor squared. Those males born in 1993 pay $136,900 times the growth factor cubed. And so forth. Next consider females. Females born in 1991 pay $53,200 times the growth factor. Those born in 1992 pay $53,200 times the growth factor squared. And so forth.

The generational policy imbalance is sensitive to the assumption that all future generations of a particular sex bear the same growth-adjusted burden. As an alternative, suppose one assumes that those generations born over the ten-year period 1991-2000, pay, on a growth-adjusted basis, the same as newborns born in 1990; in other words, suppose these ten generations escape, because of a delay in the inevitable policy adjustment, having to pay higher taxes net of transfers received. Then the growth-adjusted fiscal burdens of those born after 2001 will be 138 percent larger, rather than 82 percent larger, than the payments of 1990 newborns. In short, the more generations born after 1990 who fail to pay growth-adjusted amounts that exceed those of 1990 newborns, the larger will be the net fiscal burden on subsequent generations.

The alternative to future generations bearing a larger fiscal burden than current newborns is for Americans now alive to pay more, on net. If all Americans alive as of 1990 were to pay, over their remaining lives, 8 percent more in taxes, the growth-adjusted burden on future Americans would be equalized with that of 1990 newborn males and females at the present value amounts of $84,000 and $35,000, respectively. Alternatively, if all Americans alive as of 1990 were to receive, over their remaining lives, 35 percent less in transfer payments, the growth-adjusted burden on future Americans would be equalized with that of 1990 newborn males and females at the present value amounts of $80,000 and $35,000.

The 1990 Budget Agreement from the Perspective of Generational Accounts

To see how generational accounting can be used to evaluate generational effects of policy changes, let's consider in the first column of Table 5-2 the Omnibus Budget Reconciliation Act of 1990 (OBRA) from the perspective of generational accounting. This column shows the difference between the 1990 baseline generational accounts (column one of Table 5-1) and the 1990 generational accounts that would have prevailed in the absence of OBRA. Had OBRA not been enacted future generations of males would have had to pay $10,700 more on a growth-adjusted basis, and future generations of females would have had to pay $3,100 more. This reduction in the fiscal burdens on future Americans came at the cost of increased fiscal burdens on current generations. For males alive in 1990, these increased burdens range from $1,500 for newborns to $2,900 for thirty-year-olds to $300 dollars for eighty-year-olds. For females alive in 1990, the increased burdens range from $1,100 for newborns to $2,000 for thirty-year-olds to $300 for eighty-year-olds.[5]

Illustrative Policy Changes

The second, third, and fourth columns of Table 5-2 further illustrate the use of generational accounting in analyzing policy changes. Column two shows the change in the 1990 generational accounts that would result from a conversion of Social Security to pay-as-you-go finance. In this simulation Social Security taxes are adjusted on an annual basis so that the Social Security trust fund's receipts from taxes, interest, and other sources are just enough to meet projected Social Security benefit payments. While this policy would lower fiscal burdens on Americans alive in 1990 who were in their teens or older, the reduced fiscal burden on these generations would come at the price of a larger fiscal burden on American children alive in 1990 as well as future Americans.

The third and fourth columns of Table 5-2 show the impact on the 1990 generational accounts of two alternative time paths of government health care spending. As mentioned, the baseline accounts incorporate Health Care Financing Administration's middle scenario projection of total government health care spending through 2030. After 2030 health care spending, apart from demographic change, is assumed to grow at the assumed rate of productivity growth. Columns three and four show the change in generational accounts that would result from stabilizing health care spending either after 1995 or after 2000. The figures in column three are based on HCFA's projections of health care spending through 1995. After 1995 health care spending is assumed to grow due to demographic change and the assumed productivity growth. In column four the HCFA projections are used through 2000, after which health care spending again grows at the assumed productivity growth rate with an adjustment for demographic change.

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[5] This assessment of the impact of OBRA on different generations depends crucially on the assumption underlying the baseline accounts concerning government purchases of goods and services after 1995. The assumption is that, apart from demographic-induced changes in purchases, purchases after 1995 will equal the same share of Gross National Product (GNP) as that projected for 1995. If, instead, government spending as a ratio of GNP reverts after 1995 to its 1990 level, the imbalance in the treatment of 1990 newborns and future generations is 93.2 percent, rather than 79.2 percent.

Table 5-2. Changes in generational accounts arising from four alternative policies.

(thousands of 1990 dollars)

Males Ages	Eliminating OBRA	Reverting to pay-as-you-go Social Security finance	Stabilizing health care spending after 1995	2000
0	−1.5	4.0	3.1	1.9
5	−1.8	3.4	3.6	2.2
10	−2.1	2.3	4.0	2.5
15	−2.5	0.7	4.7	2.9
20	−2.8	−1.2	5.2	3.3
25	−2.9	−2.7	5.9	3.8
30	−2.9	−3.7	6.8	4.4
35	−2.8	4.3	8.0	5.3
40	−2.6	−4.5	9.5	6.3
45	−2.3	−4.2	11.1	7.2
50	−2.0	−3.5	12.3	7.4
55	−1.6	−2.7	12.7	6.5
60	−1.2	−1.7	11.2	4.9
65	−0.8	−0.8	8.6	3.2
70	−0.6	−0.3	6.0	1.8
75	−0.4	−0.2	3.5	0.7
80	−0.3	−0.1	1.7	–
85	−0.2	–	–	–
90	−0.1	–	–	–
Future Generations	10.7	4.6	−45.0	−26.6
Percentage difference future versus age zero	97.1	76.0	15.5	40.8

Source: "Generational Accounts Presentation" (1992)

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Table 5-2 (continued). Changes in generational accounts arising from four alternative policies.

(thousands of 1990 dollars)

Females Ages	Eliminating OBRA	Reverting to pay-as-you-go Social Security finance	Stabilizing health care spending after 1995	Stabilizing health care spending after 2000
0	−1.1	2.0	5.1	3.1
5	−1.3	1.6	5.7	3.5
10	−1.5	0.9	6.4	3.9
15	−1.8	–	7.2	4.4
20	−2.0	−0.9	8.0	5.0
25	−2.1	−1.6	8.8	5.6
30	−2.1	−1.9	10.0	6.4
35	−2.0	−2.1	11.5	7.4
40	−1.9	−2.2	13.4	8.7
45	−1.7	−2.0	15.5	9.9
50	−1.4	−1.7	17.2	10.4
55	−1.2	−1.2	18.0	9.6
60	−0.9	−0.8	16.5	7.8
65	−0.7	−0.4	13.3	5.5
70	−0.5	−0.2	9.8	3.3
75	−0.4	−0.1	6.1	1.4
80	−0.3	–	2.9	–
85	−0.2	–	–	–
90	–	–	–	–
Future Generations	3.1	2.6	−13.0	−7.1
Percentage difference future versus age zero	97.1	76.0	15.5	40.8

Source: "Generational Accounts Presentation" (1992)

Since the HCFA projections through 2030 assume faster growth in health care spending than is assumed after 1995 in the case of column three and 2000 in the case of column four, the policies of columns three and four entail less Medicare and Medicaid transfer payments to existing generations than underlie the baseline generational accounts. The associated increase in fiscal burdens facing existing generations due to earlier stabilization of health care spending means a smaller fiscal burden on future generations. As the numbers in columns three and four indicate, the impacts of early stabilization of health care spending on different generations can be quite significant. If health care spending is stabilized after 1995, the fiscal burdens of future generations of males and females are reduced by $45,000 and $13,000, respectively. If health care spending is stabilized starting in 2000, the fiscal burden on future generations of males and females will be reduced by $26,600 and $7,100, respectively. With the health care spending scenario of column three there is a 15.5 percent difference in fiscal burdens of future generations and newborns. With the health care spending scenario of column four there is a 40.8 percent difference. These results indicate that even if government health care spending relative to GNP is stabilized later in this decade (a scenario that many analysts view as unlikely), the imbalance in generational policy will still be quite substantial.

Conclusion

Economics can't tell us which intergenerational distribution of resources, and thus of welfare, is just. But it can tell us which distributions are possible and indicate the policies needed to attain the socially chosen distribution. It can also teach us that we may be greatly altering the generational distribution of welfare with policies which, at first glance, appear to have no direct generational implications.

If we are to begin to make conscious social choices about generational policy, we need a means of directly measuring the generational consequences of alternative policies. Generational accounting represents such a means. It provides a comprehensive view of the treatment by federal, state, and local governments of current and future generations. It can be used to compare the fiscal burdens to be foisted on future generations with those facing current newborns. It can also be used to assess the gains and losses to different generations of specific policy changes.

The application of generational accounting to the United States suggests a very sizable imbalance in U.S. generational policy. The 1990 baseline estimate indicates that future Americans will pay, in present value, almost 80 percent more in taxes over their lifetimes net of transfers received than will Americans who have just been born. This larger fiscal burden is above and beyond the larger net tax payments that future generations will pay due to economic growth. This generational imbalance can be eliminated with a number of fiscal policies.

Specifically, curtailing growth in government purchases of goods and services and health care spending can make a significant contribution to restoring balance in the fiscal treatment of current and future generations of Americans.

It remains to be seen whether information about the imbalance of generational policy makes a difference to our health care spending and other policy decisions. If our society is truly present oriented, as its policies over the past forty years suggest, then the intergenerational policy imbalance may even be allowed to worsen. But there are limits to the burdens that can be foisted on our descendants. For 1990 male newborns the lifetime net tax burden (their generational account) is estimated to be 40 percent of their lifetime income. If future males are indeed forced to pay 80 percent more than current newborns on a growth-adjusted basis, their lifetime net tax bills will equal 72 percent of their lifetime incomes. The size of this potential lifetime net tax is so large that its collection may be infeasible. But if such large taxes can't be levied on future Americans, the arithmetic of generational accounting implies that current generations—namely those of us alive today—will ultimately experience significant increases in our lifetime net tax payments. Thus it is in our own interest as well as the interest of our descendants to start bringing our generational policy into balance immediately.

Chapter 6

Discussions

Comments on Moon's "Measuring Intergenerational Equity"

Robert Haveman

Marilyn Moon has given us a complicated world to mull over. After reminding us of the difficulty of measuring economic well-being or status—annual income versus permanent income versus consumption versus lifetime income versus lifetime consumption—she settles on annual income for her comparisons. She may not be happy doing this, but she does it. After reminding us of the arbitrariness and advantages and disadvantages of various measures of the "unit of analysis," she settles on households; again perhaps reluctantly. While suggesting the importance of adjustments for unit size—the "equivalence scale issue"—she does not use it. While she has given us a menu of measurement issues and options to use when thinking about the intergenerational equity debate, she has given us little guidance on her analytical preferences for how she would like us to proceed.

Having complicated our measurement world, she then confuses us further by raising the question of the comparisons which we should consider when discussing intergenerational equity. She identifies four concepts of inequality that are relevant for considering the intergenerational issue:

- Age inequality—how well off are today's older people relative to today's younger family heads? She shows us that such age-inequality still exists, but suggests that it has decreased. Note that she does not make any equivalence scale adjustments in reaching this conclusion. Had she done so, she could well have found that the folks over sixty years of age have higher economic status than other age groups. And note that she did not compare the levels of living of today's elderly with today's children. By any measure that component of age-inequality is large and has increased.
- Cohort inequality across time—Are today's elderly (or young) better off of worse off than the elderly (or the young) a decade or two ago? She tells us that these comparisons are very hard to make because of price differences, leisure

time differences, and "intangibles" differences. She's right, and because she is right, probably she offers us no comparisons.

- Discounted cohort well-being inequality—Is the discounted present value of the lifetime well-being of the group of seventy-year-olds in 1992 greater or smaller than that of the group of seventy-year-olds in 2002? While she indicates that this is the most accurate way of discussing intergenerational equity—and she is right—she also indicates that it is the most difficult to accurately measure—and she is again right. Again, she offers us no comparisons.

- Inequality within cohorts—Are the well-being gaps among the young (or the middle aged or the old) large or small; are these gaps increasing or decreasing? She suspects that this inequality is increasing, and she indicates that this makes it more difficult to make intergenerational comparisons and to discuss them. And, again, she is right.

Moon then turns to policy—briefly. She notes that the longstanding consensus that we should target broad-based, social insurance transfers on the elderly is eroding. While she is inclined to suggest that changing the rules for future social insurance recipients—e.g., raising the retirement age, reducing benefit formulas—might be more politically feasible than cutting benefits today, she notes well that this strategy increases risks to the standing social contract, encouraging still more disillusionment among today's younger working-aged population. She leaves us with a policy dilemma.

While I find little to disagree with in Moon's paper, it did provoke two reactions that I would like to share with you.

First, because the intergenerational equity issue has been framed as an elderly versus children issue, a group that is, in my view, quite disadvantaged—both in the long and short term—tends to be neglected. This is the group of young working-aged individuals—the group of, say, current twenty- to forty-year-olds. They have entered the work force at a time when real mean entry-level wages have been stagnant, at best. They are facing a future of low real economic growth, increased competition from abroad, a growing inactive population needing to be supported from their earnings, and a not-unjustified belief that the social insurance system waiting for them will be substantially less generous than the current system. Moreover, this cohort is, on average, more ill prepared for the workplace than previous cohorts have been. And, perhaps most serious, the extent of inequality among them—in education, skills, work experience, and earnings—is very large relative to past cohorts of young workers, and it is rising. While we can easily imagine a set of public interventions designed to increase the level of well-being and preparedness for today's children—early education, education reform of a variety of sorts, personal capital accounts for youth, work-related income support for their families, and apprenticeship programs—it is not at all easy to frame a set of interventions that will turn the fortunes of the younger working age population. Reeducation, retraining, second careers, and so on are at present ill-defined dreams. Except for economic growth—real and rapid increases in productive investment and productivity change—this cohort is, in a very real sense, stuck. I see no easy solution for their intergenerational dilemma.

Second, while Moon has alerted us to a variety of inequity definitions and concepts—and convinced me that we have real inequity problems no matter how the problem is viewed—she did not answer one basic question that I believe is worthy of serious thought and exploration: Is it possible to design a policy program—one package of policies, one set of resource shifts—that could simultaneously contribute to the solution of all the inequity problems—young versus old, fifty-year-olds today relative to fifty-year-olds twenty years ago, or simple within-cohort inequality?

While I surely do not have the answer, I believe that this is a question worth devoting thought to. My hunch is that there is a package that would accomplish this, and it would have some of the following set of components. I would argue that, while each component may not by itself contribute to all of the equity and growth goals, the entire package would secure for us both more efficiency and more equity. Such a package could include the following:

- Increased resources for improved education and skills for today's children—to increase the human capital and productivity of the next generation's work force.
- A refundable tax credit (or an expanded Earned Income Tax Credit) to cut off the bottom end of the entire national income distribution.
- Increased resources for central-city improvements—crime and drug prevention, housing, mass transit, health (with reform of the ethnic-based political stranglehold on urban bureaucracies)—to encourage a more even start for today's poor and, largely, minority children and youths.
- A universal capital account to promote human capital investment for youths, primarily minority youths.
- A wage rate subsidy providing work-related income to today's youth and younger workers—even though their real productivity doesn't warrant it—to give this cohort incentive to work and a cushion against the adversities with which they are saddled.
- An investment tax credit and encouragement of research and development spending to promote more rapid economic growth—the main hope of today's younger working age people.
- Incentives for private savings for working aged people to both finance the additional capital investment required for growth and to require them to

assume increased responsibility for their own well-being in their retirement years.

- A radical revision of the Social Security retirement income program which would turn it into a universal poverty-line benefit program covering all citizens older than, say, sixty-five. This change would free up monies to support these other initiatives.
- A carefully crafted estate and inheritance tax to recoup for these other initiatives some share of the enormous wealth holdings generated in the 1980s—and now held by those who will be retiring over the next decades.
- A streamlined federal income tax that would eliminate most of the remaining special provisions, while providing some modest reduction in tax rates, again to finance the other resource reallocations.
- And, if this is still not enough revenue, a value-added tax of modest proportions.

Unless I see things wrong, such a package would yield us less inequality in all Moon's dimensions, increased economic growth, and, yes, a larger (and, I hope, more efficient) public sector. This last element is, in my view, essential to secure a productive and an equitable society over the next decades.

Comments on Kotlikoff's "Justice and Generational Accounting"

Robert Haveman

Larry Kotlikoff has again provoked us; this time in two ways. First, he has claimed that we are a present-oriented society, consuming now and shifting responsibility for paying for it to future generations, encouraging high consumption by older people to be paid for by younger people or future generations. Second, he has constructed a set of generational accounts and urges us to adopt them as an alternative to annual government budgets for policy analysis purposes. Let me take these two points in order.

First, a few reactions to his case that we are a present- and not a future-oriented society.

Kotlikoff attempts to make his case by citing the effects of a number of "policies in place" that tend to pass the costs of present consumption on to the young or to future generations: (1) the large size and growth in the federal deficit, (2) "pay-as-you-go" Social Security financing, (3) Medicare, (4) the switch from consumption to work-related taxes, and (5) policies designed to raise the current market value of existing capital. To these he could have added the serious erosion in the level of income support benefits to families of poor single mothers and their children.

He is right—all these "policies in place" tend to foster consumption by today's living that will have to be paid for by the future living; or to encourage consumption by today's elderly to be paid for by today's young. However, it is difficult to claim that the society as a whole is present minded on the basis of a few examples of policies with this effect.

Critics, for example, might cite a variety of counterexamples. Let me give a sampling:

- While increasing progressivity of the income tax may, on balance, shift consumption toward the elderly, we have experienced a couple of decades of gradual erosion of tax progressivity—making us a more future-oriented society. This, of course, has been at the cost of greater within-generation, or within-cohort, inequality.

- The society has been generous with the resources devoted to elementary and secondary education. Real per pupil expenditures have increased about 20 percent over the last decade. This is surely an indication of a future orientation, in Kotlikoff's terms—although it may not be reflected in his accounts.

Moreover, critics might note that Medicaid, Medicare, and Social Security retirement growth have had far less of an effect on making us a present-minded society than Kotlikoff implies. Surely, the responsibilities for providing health care to the elderly or allowing them to retire securely would have fallen on their children or their grandchildren were it not for public measures. That there are now more older people who live longer who must be sustained by definition makes us a more present-minded society; it is not simply the existence or the structure of public sector retirement and health programs.

In spite of these reservations, I would ultimately agree with Kotlikoff, with respect to the net effects of the public sector. It does seem clear that, on balance, the public sector—especially the federal government is an "engine of consumption" rather than of "future-minded investment"; that it is a supporter of consumption by the elderly rather than an invester in children.

Would that Kotlikoff had revealed to us his suggestions for those shifts in policy that he would recommend.

Second, let me turn to the strong advocacy case which Kotlikoff makes for his version of generational accounts. He argues that with such accounts we will be better able to frame policy than we could without them; that they help us see whether what we do makes us more or less present minded. I will agree with the proposition that a reliable set of estimates of the effect of government policy on people of various ages and generations is a helpful policy analysis tool.

However, in my judgment, he goes too far in advocating his particular variant of generational accounts and suggests too strongly that the numbers in his tables have normative significance.

In my view, the numbers that his generational accounts produce can best be described as illustrative. They rest on a veritable mountain of assumptions—assumptions about:

- The future evolution of policy—there is nothing sacred about the current policy base, such that it should be projected as a baseline into the foreseeable future. If there is anything that we know it is that future public policy evolves, sometimes rapidly, sometimes slowly, and, in many respects, in an incremental way. I'm sure that Kotlikoff would like a projection of the natural evolution of the public sector—if it could be devined—as his baseline rather than the current structure.
- The demographics of the yet unborn generations.
- The incidence of existing taxes and transfers on various age and gender groups—incidences on which we have little reliable evidence.
- The irrelevance of the intergenerational effects of all specific public spending programs that are not income transfers—virtually all "exhaustive" public

spending such as roads, police, social services, and defense, some of which are long-lived capital goods providing a long-term stream of services.

- The stability of the current labor supply, saving, and investment behavior.
- The irrelevance of the effects of the policies analyzed in the accounts on a variety of equity considerations not involving generations—including the distribution of income among today's living and within age-education cohorts.

What is my point? It is simple—namely that Kotlikoff's account represents his (and his coauthors) judgments on these matters. Any number of equally bright and well-intentioned people going at the same problem could (indeed, would) come out with quite different tables than he has shown. Indeed, it is not clear to me that an alternative equally sensible set of accounts constructed under different but equally reasonable assumptions would yield a net burden of the current and projected fisc on generations yet unborn, or that if there were a net burden, it would be of the magnitude suggested by Kotlikoff.

At a minimum, Kotlikoff and his coauthors owe us more sensitivity analysis than they have yet provided—more of an indication of how his numbers and conclusions change in response to changes in the policy baseline, the incidence of taxes and transfers, the equity effects of taxes and transfers, and plausible shifts in economic behavior.

Finally, I would like to raise a very basic point about this version of generational accounts. The accounts that Kotlikoff displays in his paper are essentially "partial fiscal accounts." They ask about the net burden of a part of what government does—namely, taxes, transfers, and the deficit—on cohorts of various ages at a point in time. Interesting, but awfully partial. A generational account that records the full effects of the public sector—including behavioral responses—would be a major improvement. I would urge Kotlikoff and his coresearchers to turn their attention to this.

Even more of a challenge—to the entire economics profession—would be the construction of a set of true generational accounts, not simply intergenerational governmental accounts. True generational accounts would be able to tell us whether we are, indeed, a present-oriented society—Kotlikoff's accounts tell us only whether government policy—taxes, transfers, and the deficit—are present oriented. The baseline for a true generational account would be a forecast of what we as people would be doing as we live our lives—how much we spend, how much we save, how much we work, how long we live, how we tax and spend through government, how we care for our children and our spouses and our parents. It would have as its baseline a picture of how we as a society live and allocate resources, and not just a picture of how the public fisc lives and allocates resources. It would give us true picture of the extent to which we, as a society, are present oriented, and it would give us a true picture of how changes in how we live and allocate our time and other resources could change our degree of present orientation. Such a set of accounts would enable us to analyze the generational effects of a far wider set of changes—both public and private sector changes—than the tax-transfer cum deficit accounts proposed by Kotlikoff.

The Building of a Present-Oriented Society: Comment on Kotlikoff

David Friedman

Professor Kotlikoff argues that investment in both human capital and physical capital has slowed substantially in recent decades, and offers as evidence of the decline in investment in human capital the decline in SAT scores. What he does not mention is that this decline in educational investment, as measured by output, is matched by a steep increase in educational investment, as measured by input. During the two decades when SAT scores were falling, per pupil expenditure in elementary and high school, adjusted for inflation, more than doubled.

Professor Kotlikoff mentions forced investment under Stalin as an example of a future-oriented society in which the investment was made, very inefficiently, by the government. Our present system of public education seems to fit that same pattern. Both are examples of institutions that are future oriented according to their self-description, but not judged by their performance. Professor Kotlikoff, in discussing the former Soviet Union, seems to take it for granted that the problem was merely inefficiency; they were doing their best to trade present consumption for future consumption, but their best was not very good.

I do not think that is a very plausible explanation of the present state of what was the Soviet Union—or of what still is the United States. What we now know about American education and the Soviet environment suggests that both are results of present-oriented institutions, institutions that weighted current costs and benefits heavily relative to costs and benefits in the reasonably distant future. The dual example suggests a conjecture about the reason for the change that Professor Kotlikoff notes and laments—the reason why we are saving less and consuming more, relative to our income, than we did fifty or a hundred years ago.

If you apply simple economic theory to the problem of allocating consumption over time, one of the first conclusions is that the decision of how much to invest and how much to consume depends in part on the security of property rights—on how sure the investor is that when his investment comes due it will still be his. For a more extensive discussion of this issue, see Friedman 1990, 345-47. My conjecture is that the apparent shift in time preference during this century, the shift from investment to consumption, in part reflects a change in the security of property rights. Consider a simple example.

I am deciding whether to plant a field with trees that will take thirty years to mature. In a world of secure property rights, I calculate the costs I will pay now and the return I will get in thirty years; if the resulting rate of return is higher than my preference for present over future consumption, I plant the trees. In a world of insecure property rights, I must also take into account the probability that someone will take the field away from me (or my heirs) at some point in the next thirty years. If that probability is 50 percent, it requires twice as large a return to justify the investment since I will only have a 50 percent probability of collecting. Generalizing the argument, the more insecure property rights are, the less attractive the terms on which we are able to trade present for future consumption, and thus the less willing we are to do so.

Have property rights become less secure? I think the answer is clearly yes. One reason is a set of political changes that make it easier for governments to seize private property without compensation—as the federal government did, for example, by imposing price controls and associated regulations on the oil industry when the price of oil shot up, and as governments now do routinely via environmental regulations, zoning, and the like. Similar effects come from a long series of changes in the common law, which may be summarized as the retreat from the principle of freedom of contract—changes which allow courts to rewrite the allocation of rights among contracting parties after the contract has been signed. Arguably it is these changes which are responsible for the rapid growth of civil litigation, in particular products liability litigation, in recent decades (see Friedman, forthcoming).

A second reason that property rights have become, on average, less secure is the growth in the size of government. The total size of government in the United States, measured by expenditure as a share of national income, has increased about sixfold since 1902.[1] Growth of government means growth in the amount of resources controlled by political rather than market mechanisms, and political institutions typically have insecure property rights.

If I own a share of stock, I can be fairly confident that, unless I choose to sell it, I will still own it thirty years later—and can, if I wish, leave it to my children. If I "own" a political property right, the ability to control certain governmental resources—if, say, I am commissioner of education for the state of New York—my security in that right is much less. If I decide to trade current resources for a payoff thirty years later, the odds are high that neither I nor my political patrons will be in office to collect.

Imagine that I am part of the incumbent administration of New York State, and am trying to decide how to allocate fifty million dollars of "educational expenditure." One alternative is to use it to buy the political support of the teacher's union, by giving the teachers a raise without requiring them to do any more work. Another alternative is to use it to improve the quality of education, producing better high school graduates ten or twenty years from now.[2]

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[1] One could argue that that figure underestimates the real growth of government, since it does not include the degree to which government has increased its control over activities in the private sector.

Both alternatives produce political payoffs—good schools are valued by parents, who are also voters, and better graduates will earn higher incomes, some of which can be taxed. But one alternative produces its payoffs now, and one in the distant future. If I had secure political property rights—if New York was a hereditary monarchy like Chicago—that might not be a problem. But rulers of New York cannot expect that either they or their children will be in power a decade or two hence, so they have a strong incentive to consume resources now, while still in control.

Generalize the argument to all political actors and we have good reason to expect the large part of the economy controlled by government to prefer present to future payoffs—with the purchase of present payoffs, as in the case of buying the votes of the teachers, frequently mislabeled as "investment in the future." Combine growth in the government sector with increasing insecurity of property in the private sector, and you have a plausible explanation for a shift to a more present-oriented society.

Professor Kotlikoff, in discussing the 1990 Omnibus Budget Reconciliation Act, argues that "our politicians are missing the generational forest for the trees"—that they are simultaneously lamenting the federal deficit and imposing the equivalent of deficit financing on an enormous scale under the rubric of pay-as-you-go financing of Social Security and Medicare. I find it odd that an economist would interpret as evidence of ignorance actions that are clearly in the private interest of those who take them. The politicians who get votes by spending money now on such programs will mostly be retired by the time the bill comes due; their political property rights are short-term ones, and they act accordingly. In this case as in many others, prudent political choices are imprudent economic ones.

If the explanation I have offered for increasingly present-oriented behavior is correct, what does it have to do with intergenerational justice and allocation across generations? In most societies for most of history, the major mechanism for intergenerational allocation has been voluntary transfers from parents to children (and from adult children to parents). Parents make such transfers by investing in their children's human capital or in physical capital to be given to their children. Investment in human capital, and transfers to support aged parents, have been to a considerable degree nationalized in our society—taken over by political mechanisms with very short time horizons. Investment in physical capital is, I argue, discouraged by insecure property rights. We would expect the result to be a decrease in voluntary transfers between parents and children—which seems to have happened.

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[2] For a discussion of the evidence that the decline in school performance is linked to political factors, including the strength of teacher unions, see Peltzman, 1993.

Comment on Kotlikoff's "Justice and Generational Accounting"

Tyler Cowen

After submitting this paper, the conference organizers asked me if I would add some remarks on Lawrence Kotlikoff's paper "Justice and Generational Accounting." In this piece, Kotlikoff is concerned with measuring the true intergenerational allocation of resources and liabilities. While Kotlikoff's work clearly represents a pathbreaking attempt, I differ from the specifics of his calculations in several ways.

First, the most important component of the true intergenerational accounts cannot be represented by statistics. Most social wealth is held in the form of human capital and most human capital is not produced by direct expenditures on education. In my opinion, most important is the work ethic and sense of values (or lack thereof) that elders instill in their children. The children of the penniless Vietnamese who emigrated to America are, in a sense, quite wealthy. From their parents they have received the most important intergenerational gift of all, an upbringing conducive to future productivity.

I intend no criticism of Kotlikoff here, since he is certainly aware of these limitations in the data. Nonetheless, we should regard with caution figures that do not capture such vital and probably unmeasurable considerations. America may have a problem in this regard, but the problem cannot be addressed by changes in fiscal policy and can probably be addressed only by the private sector.

Second, I think Kotlikoff should account for the deficit in real terms more explicitly, separating out real resource captures from payments and transfers. If we are at full employment, for instance, how are we to understand Kotlikoff's comment that "...deficit finance constitutes a transference of resources toward older generations and away from younger generations." How exactly does the present extract resources from the future, short of black magic? We need not accept Barro's controversial analysis of deficits to recognize that deficits are often intragenerational transfers, at most.

Third, I do not understand Kotlikoff's analysis of asset markets. Why do increases in the value of capital reduce the welfare of the young? True, the young must pay more for this capital when they purchase it, but the capital is presumably worth more also. In fact, the value of the capital rises only because the young believe it is worth more than previously. Increases in capital value are one of the greatest gifts we can give to the next generation—are Russian children better off than American children because they are not burdened with the forthcoming purchase of an extensive set of capital goods?

More generally, I think Kotlikoff is too pessimistic concerning the future. He seriously doubts whether the next generation will be better off than the current generation. When examining the aggregate trend in the data since about the twelfth century, I expect the next generation to be better off—much better off. Why the pessimism? The world surely appeared to have more problems in 1200 than now, yet we have made it this far.

Like myself, and like my parents, today's young basically consume leisure for eighteen (or more) years and then step into the most wondrous opportunities imaginable. With the possible exception of environmental issues, why are we worrying about any special burdens they will encounter? Those recently born are facing a future more attractive than anything the world has seen to date. They will fly around the world in hours, consume the products of many more nations, have much cheaper energy, have unimaginable computing power, and have the great cultural and artistic works of the past at their fingertips like never before. I envy them.

Section III

Sociological and Anthropological Perspectives

Chapter 7

“Justice” Across Generations (and Cohorts): Sociological Perspectives on the Life Course and Reciprocities Over Time*

Vern L. Bengtson and Tonya M. Murray

“Justice across generations”: an odd phrase. A decade or two ago few policymakers would have found it relevant, and few social scientists would have taken it seriously. It is true that the “problem of generations” reflects one of the oldest sociological questions in the Western intellectual tradition (see Van Gennep [1908] 1960). It is also true that early twentieth century sociological theories focused on the linkages between age-related social movements and broader social change (see Mannheim ([1928] 1952). However, concerns about “justice” or “equity” between age groups in society is quite new: an issue emerging in the last decade of the twentieth century.

Why? What accounts for “justice across generations” becoming a repeated theme in American mass media, as well as a concern of social scientists and policymakers today? What is meant by “justice”? Does the issue involve “generations” or “age groups” or “cohorts”? How has all this become a major social and policy problem in the last decade of the twentieth century?

In this chapter we suggest a sociological and gerontological critique on the emerging public policy issue of age-group inequalities in contemporary social structure. The central theme of our critique is that the concern over “justice across generations” has so far been poorly defined and inadequately measured and often misinterpreted. Certainly, there are inequalities between age groups, variously defined by birth cohort or “generational” membership, and some inequalities have to do with unequal transfers of federal support from today's middle aged to today's elderly. But whether these norms are "just" or "inequitable" depends on social definitions, norms created through social interactions and exchanges; these norms are more relevant than assumptions of rational economic decision making. Moreover, if we are to properly understand (let alone explain) the perceptions of age-based injustices that seem to have surfaced recently, it is necessary to adopt a longitudinal, processual, and cross-generational viewpoint—what has recently become known as the "life course perspective" in sociology, psychology, and gerontology. We will argue that this will help social scientists and policymakers to better evaluate the perceived problem of "justice across generations," especially with regard to issues of population aging, generational succession, and the public policy implications of these phenomena.

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There are six points that we will emphasize in making this argument:

(1) The "problem of generations" involves issues of socialization, succession, and senescence across the life course—reflecting inequalities in power, privilege, and prerequisites among age groups that are a consequence of birth, maturity, and death in the human group. These are problems probably as old as humanity's development of social order; much of what appears "new" in today's generational debate is not. What *is* new are three social developments that have occurred in the twentieth century: (a) the political economy trends of society-wide welfare provisions for individuals and groups in need; (b) the demographic trends of increased life expectancy and decreased fertility which have resulted in population aging among industrialized societies throughout the world; and (c) the psychosocial and economic consequences of population aging for age-based social expectations and conflicts.

(2) The term "generation," often used in today's media and policy discussions without an explicit definition, is a loose generic term which in fact reflects three quite different social parameters of age groupings: birth cohorts, location in family lineages, and age-based social movements. There is only limited overlap among the three; therefore, to use the term "generation" without modification or definition of the conceptualization intended is misleading, erroneous, and quite useless for explanatory model building.

(3) It is crucial to distinguish between "macrosocial" and "microsocial" levels of age-group relationships and their attendant rights and obligations, particularly in terms of public policy discussion of "justice" among groups of different ages. This distinction has not often been reflected in the debate thus far.

(4) It is also crucial to distinguish among several sociological parameters of "justice," especially in the context of what might be called the "traditional contract between generations." Social notions of justice involve particularization of relevant *norms* and *values;* differentiation between *equity* and *equality;* and distinctions between *reciprocity* and *self-interest.* The crucial scientific question is whether or not these notions have changed in recent times in light of population aging and its consequences for macro- and microsocial organization. The

crucial policy question is if they have, what should be the criteria for "just" policies? The answer may be profoundly different at the macro or the micro level of social organization involved.

(5) The sociological "life-course perspective" may be more useful than individualistic "life-cycle models" (the latter reflected in many chapters in this volume) in building theoretical models of age-group exchanges over time. This is because a longitudinal, microsocial and macrosocial perspective, involving variables reflecting both social contexts and social reciprocities over time, is crucial to analyses of age-group interactions. We must consider differentials in the histories of both individuals and age groups, and the value placed on cross-age solidarity in human experience, if we are to adequately model the emerging parameters of "generational justice." Moreover, econometric models leave out the two most important predictors of intergenerational behavior and exchange: love and guilt.

(6) We will comment in conclusion on the possibilities for future *conflict* as well as *solidarity* across age groups in the next decades, based on the concepts and issues we have developed in our argument. These have important implications for public policy, and in fact may be among the most important domestic political agendas facing industrialized societies in the early decades of the twenty-first century.

The Social Problem of Age Groups and Inequalities: Is "Justice" a Relevant Issue?

The Problem of Generations

Relations between generations—youth and elders, or child and parent—have been the source of both profound solidarity and of remarkable conflict throughout human history. In the Western literary tradition, for example, we have the Biblical chronicles starting about 1000 B.C. concerning the problems the devout Job had with his unbelieving sons and daughters; of Abraham and Isaac, Jacob and Esau; and the conflicts between King David and his sons, especially the beautiful and vain Absalom, whose attempt at usurping his father's throne resulted in his own death (a moral lesson for subsequent younger generations). Shakespeare, some 2,500 years later, charted the mistaken confidence of King Lear in his children who bargained away Lear's kingdom. Such examples from Western literature (and there are similar stories in the Eastern tradition; see Kelly's discussion of Japanese folklore in this volume) reflect a classic human dilemma throughout history: how tenuous the contract between generations can be, and how severe the results of generational conflict can become. The problem of generations and aging—and the resulting difficulties of generational succession, support, and exchange—have represented one of the most basic and enduring human concerns about social organization and behavior, throughout recorded history.

The recurring human problem of generations in human society boils down to this: *ensuring group continuity over time, as well as adaptability in the face of time-related changes.* There are three aspects of this classic dilemma. First, how will the human group maintain enough *continuity of social order* over time in the face of continual changes in its membership because of birth, aging, and generational succession? Second, how will the group foster *adaptivity to changing circumstances* involving economic, social, and environmental development? Third, how will the group deal with *differences or conflicts* that arise between generations, in pursuing a balance between continuity and change over time?

The challenge for human groups to find the most desirable balance between *continuity* with the past and *adaptability* to a changing future environment must occur in the context of changes in the nature and composition of the group, of which generational turnover is the most obvious, and, in the context of changes in environmental circumstance, of which material needs are the most pressing. Moreover, this balancing of continuity and change with generational succession and the transfer of responsibility must be achieved without serious conflicts that would disrupt the group. What this suggests is the crucial importance of four sociological processes between generations: (1) *power and authority mechanisms;* (2) *affect relationships;* (3) *norms* of assistance, support, and obligation between the generations; and (4) the continuing process of negotiations about *reciprocities* between generations across the life course. These social processes are involved in what can be described as an unfolding social contract between emerging age groups within social structures.

The Social "Contract" Across Age Groups

What is the "contract across generations"? Put most simply, it involves three sets of shared expectations and obligations—sociological *norms*—regarding the aging of individuals and the succession of generations, through time and within social structures. One set of expectations and obligations concerns *biosocial generation and socialization:* the first generation will succor and bring up the second, who then will produce a third generation. A second set of expectations and obligations involves *gerosocial succession:* the second generation will have resources to bring up the third, which in the past has often been predicated on the retirement or death of the first generation in their fifth of sixth decade of life. A third set of norms involves *geriatric dependencies,* which are of course a subset of life-course dependencies: the first generation will be honored and helped during their decline—and death—by their descendants, the second or third or fourth generation. This is the traditional cycle of generations, reflecting sets of expectations and obligations across the life course. While most obvious at the microsocial level of analysis involving families and small groups over time, the contract also has parallels at the macrosocial level of societal organization,

Table 7-1. The "problem of generations" and levels of social structure.

	Micro-Level Analysis	Macro-Level Analysis
Bio-Social Generation	Family socialization	Formal education
Gero-Social Succession	Family sponsorship and aid (financial, emotional)	Formal retirement
Geriatric Dependencies	Family caregiving	Public support: Social security and medicare

Adapted from: Bengtson (in press)

an issue which has emerged only recently (see Laslett [1992] for a similar perspective, but with different terminology). Table 7-1 summarizes these "problems of generations" at the micro- and macrolevels of social structure.

Twentieth-Century Alterations in the Contract

But the "traditional" contract across generations, whether implicit or formal, has been altered by at least three factors: (1) demographic trends involving increased life expectancy and decreased fertility, resulting in population aging; (2) the simultaneous political and economic trends of collective public welfare provisions during the twentieth century; and (3) the more personal involvements of family structures which have changed from a pyramid to a beanpole in shape—generational membership is long and thin—with attendant changes in demands and resources available to the family. Each of these factors has, in multiple ways, altered normative life-course concerns for the average citizen of Western industrial society, and also for public policy priorities regarding responsibilities toward aging citizens.

Several other chapters in this volume have documented these changes; let us merely summarize some here. First, there have been dramatic increases in life expectancy during the twentieth century, such that almost one in five citizens of many industrial societies is now above the age of sixty, and great-grandparenthood has emerged as a common family structure in some populations. Second, there have been decreases in fertility in industrialized nations, with one result being fewer workers per pensioner than ever before (along with fewer second- and third-generation family members to care for dependent elders).

Third, there have been increased policy concerns about welfare costs and public expenditures targeted for various age groups—especially the elderly as

Table 7-2. Changes in American family structure as a result of improved life expectancy 1900–1976.

The probability that ...	1900	1976
1) ... a child would experience death of parent by age 15.	24%	5%
2) ... marriage would end in widowhood before the 40th anniversary.	67%	36%
3) ... a 15-year-old would have 3 or 4 living grandparents.	17%	55%
4) ... a middle-aged couple would have at least 2 of their parents still alive.*	10%	47%

*The demographic shift changes the idea of what a family is.

Adapted from: Uhlenberg, 1980

contrasted with the young. These reflect broader debates over basic cultural values: issues of individualism versus collectivism; issues of equity versus entitlement; issues of filial piety versus needs of a younger generation. These concerns have resulted in growing debates over "generational equity" in the broader society (discussed by Achenbaum 1989; Bengtson et al. 1991; Binstock, 1992, in press; Kingson et al. 1986; Laslett 1992; Minkler 1986; Quadagno 1989a; Thomson 1993; Walker 1993). At the same time, as is increasingly reflected in the mass media, anxieties are being expressed over providing care for the elderly and reciprocities between generations at the family level.

Fourth, there has been a revolution in the demography of family lineages at the microsocial level of social organization (Treas and Bengtson 1982). Individuals are growing older in families that are quantitatively and qualitatively different from those of their great-grandparents, in terms both of the structure and the duration of family roles and relationships (Cherlin and Furstenberg 1986; Uhlenberg 1978; Wells 1982). Table 7-2 illustrates some of these contrasts over eight decades of time. For example, in 1900 there was a 17 percent chance that a fifteen-year-old would have three of four living grandparents; by 1976, there was a 55 percent chance.

In 1900 a middle-aged couple had a 10 percent chance of having at least two of their parents still alive, and by 1976 the chance had increased to 47 percent. There have been greater variations in the timing of fertility, such as teenage childrearing (Connidis 1989) and childlessness (Parke 1988), and increases in single parenthood and divorce (Bengtson and Dannefer 1987). There are more family members living longer; unlike the two- and three-generation families which were the modal pattern for most of human history, today's elders are likely to be part of a four-generation family with fewer members per generation (Hagestad 1986; Hagestad 1988; Streib and Beck 1980; Vinovskis 1977).

An increasingly common family structure in contemporary American society is what can be described as the "beanpole family," the product of declining mortality and fertility (Bengtson et al. 1990). This "verticalization" of family structure occurs through intergenerational extension, when the number of living generations within lineages increases, and intergenerational contraction, when there is a steady decrease in the number of members within each generation (Bengtson and Dannefer 1987; Hagestad 1986, 1988; Knipscheer 1988). Verticalization has many implications for the complexity and potential pool of familial relationships as well as for multilineage living arrangements (see, for example, Crimmins and Ingegneri 1990) because in future decades individuals will grow old having more vertical than horizontal linkages in the family. The social contract among familial generations at this level is affected in that there are *fewer persons* in each lineage position to fulfill norms of obligation in the social contract, but there are more *levels* in the lineage chain. This is a major force in the changing expectations and obligations among aging parents and their aging children (and grandchildren).

Defining and Measuring the Problem

The Conceptual Issue: Which *Generations?*

The term "generations" refers to … what? Some grouping of individuals who share something in relation to age or history; but precisely *what* do they share? Certainly, as social scientists we should be precise about our concepts if we are to use them in measurement for explanation. However, in the "generational justice" discussions so far, such clarity of conceptual definition is unfortunately lacking. The term has been used in the literature in multiple ways, with the meaning of "generation" being unclear, dependent on the context in which a particular writer employs it. The result is ambiguous conceptualization, inadequate measurement, and poor explanation.

The multiple meanings reflected in the term *generation* can be seen in chapters of this volume. Cohen (Introduction) and Achenbaum (Chapter 2) do not explicitly define the term, but use it to refer to "the young" and "the old" and to more specific age groupings. In Buchanan's discussion of "justice between generations" (Chapter 16), it is unclear whether he is referring to individuals and their families or aggregates of different age groups. When Kotlikoff (Chapter 5) uses the term "generational accounting," he appears to mean a grouping of individuals who have in common nothing more or less than birth in a particular year;

one of the most puzzling omissions in his argument is his discussion of what a "generation" is, in sociopolitical or economic terms. While Wechsler (Chapter 1) and Rubinstein (Chapter 8) do not define "generation," their focus is on parent-child relations in the family, although Wechsler does devote one section to age relations "between the young and old." Kelly (Chapter 9), in a footnote, points to the loose usage of the concept of "generation" in the United States and Japan, but does not offer a definition himself—although he makes distinctions between the young and old in families and in the broader society. Hushbeck (Chapter 15) also does not clearly define the concept, while discussing age groups, the old and young, *and* families. In sum, the contributors to this volume, sensitive as they are to issues of "justice" appear to have difficulty defining the other half of the concept in our book's title: "generations."

There are many other examples of this conceptual confusion in current social science. Russell (1982), in her well-received volume entitled *The Baby Boom Generation and the Economy*, refers to those born between 1946 and 1964 as a "generation." Their defining characteristic appears to be those who share membership in a period of higher American fertility than those born prior to 1946 or after 1964—an eighteen-year span of births—ignoring the vast diversity in other demographic facts of those born during this time, or the fact that some "Baby Boomers" have children who, by this definition, are also members of "The Baby Boom Generation." This is in contrast to the focus by family scholars, such as in Hill's (1970) *Family Development in Three Generations*, who use the concept of generation to refer solely to their family position in the sequence of biosocial ranked descent. And then there is the tradition of European social theorists, reflected by Mannheim's ([1928] 1952) discussion of "The Problem of Generations," whose analyses focus on subgroupings of birth cohorts—"elites" or "forerunners"—as they have influenced social change via their own self-defined awareness of "generational uniqueness."

These conceptual confusions will continue to disable productive discussion and empirical assessment of issues of justice between "generations" unless we answer the question "*which* generations?" It seems to us that the specific forms of age-groupings must be distinguished in contemporary discourse about "generations" (for a full discussion of these conceptual issues, see Bengtson et al. 1985). Table 7-3 summarizes distinctions between the popular terms and the social scientific terms which distinguish the contexts in which the term is used.

Generational Relations Across Birth Cohorts

When economists, policymakers, and media analysts today use the term "generation" they are most often referring to what in fact is an *age cohort:* a group of individuals who share a common characteristic, in this case period of birth, which is usually defined arbitrarily as ten years. But there is a key conceptual assumption behind this grouping: as a result of their sharing a common

Table 7-3. Which generations? Principal terms used in social and policy analysis today.

Term	More Precise Definition	Operationalization	Level of Analysis
Generation	Age Cohort	5 or 10 Year Birth Group	Macro-Social Level
Generation	Kinship Lineage Descent	Social/Biological Succession	Micro-Social Level
Generation	Historical Birth Cohort Subgroup (Elites)	Social Movement Led by Cohort Subgroup	Macro-Social Level
Generation	Age Group	Multi-Year Birth Cohort	Macro-Social Level

Source: Bengtson (in press)

point of historical time of birth, it is assumed that these birth cohorts experience the same unfolding historical events at the same point of their psychosocial development into adulthood, and thus have many other characteristics in common. This assumption has been buttressed by psychodynamic developmental theorists such as Erikson (1950), Keniston (1968), and others: birth cohorts have a particular aggregate orientation and set of views about their relationship to the government, their relationship with other birth cohorts, and their interpretation of the sociocultural environment. Individuals within a birth cohort are thus related through both "historical time" and "individual developmental time" (Bengtson and Black 1973).

Moreover, as Easterlin (1987) has documented, the experiences of historical birth cohorts are affected by both the composition and the size of their cohort as well. Large birth cohorts (for example, the "Baby Boomers" of the post-World War II fertility increment, 1946-64) may experience overcrowding in schools or competition in the job market as they become adults. In contrast, smaller birth cohorts (such as the "Depression Babies" born 1931-45; or the "Baby Busters" born 1965-76) may benefit from the scarcity of competition for entry-level jobs. Members of birth cohorts grow up and grow old through periods of particular historical events; they both have an impact on, and are affected, by social structures as they move through the life course of increasingly older age strata (see Riley 1986). Such dynamic population processes of these cohort flows represent mechanisms for change over time—as the individuals composing the cohort replace those before them, bringing along with them the orientations and experiences of their common age group as a birth cohort.

Generational Relations Across "Kinship Lineages"

Generation in this sense refers to a succession of individuals born within a kinship unit. A lineage refers to the descending rank of family members from great-grandparent to grandparent to parent and to child, and to grandchild and to great-grandchild. This type of "generational" relation restricts the interactions to that of the family unit related through "biological time" rather than "historical time" (see Bengtson and Allen, in press). Individuals within a lineage occupy, shape, and are impacted by multiple roles. For example, an individual is simultaneously a grandparent, parent, and child. This interplay of roles is bound by norms of expectation, obligation, and reciprocity (Brubaker 1990; Connidis 1989).

A family lineage "generation" involves an intimate grouping of individuals bound through genes, adoptive relations, or step-relations, and is focused on issues of biosocial generation, gerosocial succession, and (increasingly) on geriatric dependencies (Bengtson et al. 1990).

"Historical Generations" and Age Groups as Units of Social Change

The idea of age groups as "units of social change" or, more concretely, social movements, is based on Mannheim's ([1928] 1952) concept of the "generation unit" in which some members of a birth cohort become a group with a purpose, a self-conscious force of change or innovation in society (see Bengtson et al. 1985). These "forerunners" of change (for example, youth at elite universities who led the "student rights movement" or the anti-war protests of the 1960s) question the sociopolitical *status quo* and organize collective protest activities; they achieve media recognition for, and establishment response to, their criticisms; and this often results in a change in broader public expectations or organizations (see Bengtson 1989 for a discussion of the 1960s protest movements in terms of age-based concerns). These age-based social movements apply to family generations as well. Organizations of single parents and career mothers in the past decade have brought new meaning and norms to public definitions of roles within the family. The conceptualization of "social generations" has been (and continues to be) used most often by European social historians.

Generational Relations Across "Age Groups"

A fourth term that is often used synonomously with "generation" is age group. This is the least precise usage of the term. It could mean birth cohort or kinship lineage; it could refer to the macro- or the microlevel of analysis.

In the current discussions about "justice between generations" each of these three types of "generational" relations have been implied. Unfortunately, many have missed the mark by failing to define what is meant when the term "generation" is used. Several chapters in this volume seem to fall into this trap. Moreover, to fully grasp the distinction between the two types of generational relations, age-group relations must be distinguished at the macrosocial and microsocial levels of social organization.

The Levels-of-Analysis Issue: Macrosocial or Microsocial?

The *macrosocial* level of "justice across age groups" involves the location of birth cohorts within social structures, and the relations among differing birth cohorts. This level of age-group relations is affected by government action on public policy as legislation is enacted or changed during different historical times. Issues of primary concern at the macrosocial level of generational relations include public resource allocation, citizens' expectations of government, and government's expectations from its citizens.

The major macrosocial issues in the "generational justice" debate can be summarized as follows. First, this century has seen dramatic changes in population characteristics. Decreases in mortality ushered in increases in longevity (Crimmins 1981, 1986; Manton 1982); this has had consequences for the social organization of work, leisure, and public support systems. Second, the opportunity for more nonworking years to be spent in leisure after retirement now exists—fifteen or twenty years remaining once older workers retire (Atchley 1976). Third, more years of retirement also mean more years of public support will be required for the elderly from Social Security funds (see Aaron et al. 1989 for further discussion of this issue).

Fourth, and in consequence, some younger birth cohorts that are working to fund the current system fear they will not benefit from Social Security in the manner previous and current cohorts have managed to (see Gist 1988; Palmer and Gould 1986).

Fifth, survival into old age is accompanied by more health care utilization by some, especially those with chronic health conditions and functional impairments (Shanas and Maddox 1985; Estes 1984). Escalating health care costs and proposals to control costs demand theoretical and philosophical questioning of societal expectations and obligations, and, more specifically, what we value most as a society and what we are willing to accept as a "just" allocation of resources among age groups.

The *microsocial* level reflects the generational relations held by family lineage members, as well as friends or others at the individual or small group level of society. Issues of primary concern here involve private resource flows, social support and help exchanges, and family expectations and responsibilities (Bengtson 1993; Bengtson and Kuypers 1986; Bengtson and Robertson 1985; Brody 1985; Cicirelli 1990; Connidis 1989). Familial norms and generational placement within the family lineage entail role obligations of reciprocity and sometimes self-interested behavior motivations.

Having fewer children and living longer has lengthened the time spent in shared family role statuses (Hagestad 1981; Hess and Waring 1980; Riley 1983). An additional effect of population aging by the year 2020, for example, is that there will be an increase in the "two-generation geriatric family" in which children are part of the "young-old" while their parents are part of the "old-old"

(Gelfand et al. 1978). Such situations already exist for some families and test their ability to provide support. Another consequence has been that the "generation in the middle" is sometimes simultaneously faced with caring for elderly parents while caring for their own children or meeting conflicting demands on their time and private resources (Brody 1985; Cantor 1983; Richards et al. 1989). In sum, these complex families create new roles for members which still lack established norms and expectations within the social contract.

A popular conception holds that vertical family bonds have generally weakened over the past decades and that family support to the elderly in particular has been jeopardized by demographic trends, geographic mobility, and sociocultural changes. There is much evidence, however, to suggest that this is not true (see reviews by Aldous 1987; Bengtson et al. 1985; Hagestad 1988; Rossi and Rossi 1990). Indeed, there is some support that familial bonds among adults may be even more salient than in previous eras because of the much longer period for shared years of "co-biography" between parents, children, and grandchildren (Bengtson and Dannefer 1987; Hagestad 1988).

In summary, it is crucial to be clear about the differences between these two levels of social organization, the macro- and microsocial, in discussions of "justice between generations." The context in which "generations" interact—be it birth cohorts or family lineages—denotes the normative parameters within which the concept of "justice" is applied.

The Normative Issue: Inequality, Inequity, or Injustice?

Discussions involving the concepts of "justice" and the social "contract" among generations or age groups do not imply a contract in the strict legal sense, but rather an implicit and informal agreement regarding aging and age groups. The social contract is rooted in contemporary American society and originates from two aspects arising out of social structures. The first is a set of *values* concerning the importance of filial piety, the virtue of supporting dependent members of the population (such as the aged or children), and the desirability of intergenerational bonds. The second is a set of *norms*—obligations and expectations enforced by social sanctions—concerning duty, altruism, and reciprocity among age groups.

These sociological parameters of values and norms encompass two different notions of justice: "equality" and "equity." Notions of equality in the social contract among generations connote the idea of universal rights, privileges, and opportunities, and represent universal privileges and opportunities in society or in material well-being. Thus, there can be "equality of rights" or "equality in dollars" (Okun 1975). Further, notions of equity represent the ideals of fairness and justice in both potential and in action: *equity is the norm that rewards and benefits should be distributed in a fair fashion.* Moreover, there is a distinction between "individual equity" and "social adequacy." Individual equity is the notion that benefits bear some relation to contributions made, *while social adequacy is the norm that populations at risk for dependency should be covered* (Achenbaum 1989). There is a sense that we should reach some balance between these two types of equity to achieve justice.

Whether justice is viewed as equality or equity has implications for public policy: the two types of justice do not pursue the same goals and consequently they do not reach the same ends. The framework of such policies reflect the values and norms of those who shaped them both at the macro- and microsocial levels.

In sum, the values and norms operating within the social contract among generations change over time depending on the birth cohorts in question, their histories, and their notions of justice. The question is whether or not these notions have changed in recent times, as a result of population aging and its consequences for macro- and microsocial levels of society.

The Political Issue: "Greedy Geezers" Versus "Deserving Kids"?

We suggested at the beginning of this chapter that the "problem of generations" has been debated in sociology for decades and in human society for centuries. What is new, we claimed, was the discussion of birth cohorts and justice among them. Achenbaum (this volume) suggests that the origins of today's debate can be traced to the 1930s. But what occurred in the mid-1980s was that the *political* issue of justice began to be discussed in terms of birth cohorts by policy entrepreneurs and academics (Callahan 1987; Kingson et al. 1986; Longman 1987; Minkler 1986, 1992), and was exacerbated by the popular press. A brief history of the rise of the political issue involving "generational equity" demonstrates this point.

There were predictions that the issue of "justice among birth cohorts" would become a political football over a decade ago. For example, Hudson (1978) noted that concern over the "graying of the federal budget" might backfire on the elderly. Neugarten (1982) warned that policies and programs for the elderly should be shifted from age-based to need-based criteria; if not, advocates for the elderly could cause more harm than good for the elderly and perpetuate age discrimination. Binstock outlined the pervasive new image of the elderly as rich, politically powerful, self-interested, and costly for society. Binstock warned that scapegoating of the elderly—blaming them for all of the nation's economic failures—was "engendering intergenerational conflict which may ultimately become rather serious in its implications" (1983, 137).

These scattered warnings culminated in 1984, when three widely publicized events sparked debates about "generational equity." In a February address, Colorado Governor Richard Lamm declared that the elderly received too much in health technology benefits in their last years of life while America's children, with their whole lives ahead of them, received too little (Wisensale 1988). His speech garnered sound-bite media attention and launched him on a crusade for setting limits on medical care for the elderly. Second, social scientist Samuel Preston, in his April presidential address to the Population Association of America, presented data from domains of family, politics, and welfare expenditures to support his conclusion that during the past two decades the elderly had made gains at the expense of the young (Preston 1984a,b). Preston's presentation was subsequently published as a journal article in both *Demography and Scientific American*. It was immediately picked up by the media as well as the scientific community. Marshall, Cook, and Marshall (in press) note that between 1985 and 1990 these two publications were cited no less than 122 times. Both the content and timing of Preston's message made his argument catch on. The third event was the highly publicized founding in October of Americans for Generational Equity (AGE) by Senator Dave Durenberger (R-Minnesota) to be the lobby for those who felt the distribution of goods and resources between old and young had become inequitable. AGE announced plans to publish its own journal, *Generations*; hold public forums across the nation; and sponsor legislation to redress inequities in governmental spending between age groups. It also garnered much publicity about "greedy geezers" spending the inheritance of the young in American society, a theme picked up readily by the American mass media (Marshall et al., in press).

It should be noted that in 1987, an organization was formed to counter AGE as a political force: Generations United (GU), a coalition of the National Council on Aging, the Child Welfare League, and other elderly and children's groups (Day 1990). GU was established to demonstrate "that generations can work together and benefit each other without one generation suffering because of another generation's gains." Quadagno (1989a) notes that while AGE claimed to represent poor children, it proposed no legislation to alleviate their problems. GU has proposed such policies in addition to a variety of other goal-related legislation that encourages an intergenerational focus. And, notably, while GU still remains an active coalition, AGE has faded from view.

What quickly became a *political* issue, then, was the notion of "generational inequities" in public spending among age groupings defined by birth cohort membership, and during one point in time—the high point of the "Reagan revolution" in the mid-1980s. What was not discussed in the subsequent policy debate is instructive (see the analyses by Kingson 1988; Bengtson et al. 1991; Binstock, in press). There was little attention to issues of transfers across *family* generations, in which the elders have been greater contributors than recipients; nor to the issue of life-course *reciprocities* in both economic and noneconomic transfers—the cost of supporting children's educations, for example. The main point seems to be that values related to notions of justice have endured; indeed, the concept of "justice between generations" reflects norms and values of reciprocity and intergenerational bonds as a virtue. Moreover, it also suggests that justice involves sacrifices for the good of others. What has changed in the past decade is the social environment in which such norms of reciprocity are carried out. Politically, the main issue is what is considered a reciprocal policy and what is not.

The "Life Course" Issue: Which Reciprocities?

It seems, then, that norms of "justice" across both birth cohorts and family generations are at the crux of the issue. Thus, the sociological "life-course perspective," which has emerged in the 1980s in behavioral and social science research, is useful in building theoretical models of age-group reciprocities and exchanges over time (as discussed by Bengtson and Allen, in press; Hagestad 1990; Elder 1974; George and Gold 1991). Econometric models, such as those presented in earlier chapters of this volume, leave out two of the most important predictors of intergenerational behaviors, whether they be transfers, conflicts, or cohesions: *love and guilt*.

Three decades ago Gouldner (1960) defined these two predictors of transactional behaviors in terms of "norms of reciprocity": we help, without hurting, those who help (or have helped) us. While the norm of reciprocity varies in different cultures, it indeed does seem universal. Such nonrational behaviors as love and guilt between generations cannot be easily accounted for by econometric models without drawing on sociological constructs such as a "life-course" perspective of norms and values. Furthermore, while other types of models, such as the "life-cycle theory of saving and consumption" (see chapter by Kotlikoff in this volume) confuse the birth cohort and kinship-lineage parameters, the "life-course perspective" provides a longitudinal, cross-lineage, and cross-cohort approach which incorporates social contexts, historical time, and norms such as social reciprocity (see Bengtson and Allen, in press). Unlike economic models of justice, in this approach it is not assumed that individual behavior and its motivations are always rational.

The life-course model accounts for confounding of age, period, and cohort interactions by connecting individuals and families with their social contexts to the larger social structure and historical location within it. This approach determines not only the significant differences in individuals due to birth cohort characteristics but also due to variations within cohorts. It also takes into account changes in the meaning of events and the significance given to transitions for family members as they move up through the lineage and cohorts as they flow through the social structure.

Stratification, the Life Course, and Notions of Justice

Stratification and the life course is an issue pertinent to a better sociological understanding of justice among age groups. O'Rand (1990) notes the distinction between stratification *of* the life course and stratification *over* the life course. The latter refers to "within-cohort heterogeneity in the processes of status attainment, maintenance, and loss across major role domains with age." For example, the contexts in which families interact and establish norms and values vary, as do family traditions and expectations according to cultural preferences (Stack and Burton 1989). Stratification of the life course refers to "historical and institutional factors that differentially allocate resources and status across major demographic categories" (O'Rand 1990, 130). For example, there are age differentiations for civil rights and responsibilities such as voting, driving, marriage, and Social Security eligibility, as well as age grading in nonmarket roles such as educational institutions and the family.

At the macrosocial level, roles and obligations of government to society vary across cultures and nations, as reflected in their history and the particular meanings given to past events (see Keith 1990). In the United States high preference for autonomy, individualism, and independence and a limited role for government are conditioned by stratification over the life course, influencing future expectations of government and family in old age. And at another sociostructural level, that of minorities and subcultures, their expectations within the stratified social system will also color their views of what they feel obligated to reciprocate with other cohorts and what they perceive as "just." Thus, *which* reciprocities of generational cycle obligations are relevant either within birth cohorts or family lineages is tempered by the stratified social system in which the exchanges take place.

Kotlikoff (1992, and Chapter 5 of this volume) has argued that the United States' present welfare system is not an economically feasible way to achieve an equitable distribution of economic resources. Rather, he proposes a system of "generational accounting" as a method to calculate the net tax burden on current and future generations, resulting in a more equitable way of determining policy choices and assessing their generational impacts. What Kotlikoff advocates is both innovative and appealing. However, his argument can be used to illustrate the problems in definition and measurement we have been discussing.

Nowhere in his chapter or book does Kotlikoff *define* precisely what he means by the term "generational." Thus, it is somewhat unclear *which* age groups (birth cohorts? lineages? both?), and what time frame (cross-sectional? longitudinal? across the life course?) should be the base for future "generational accounting." Second, Kotlikoff limits the *scope* of his "generational accounting" to taxes, discussion of the deficit, and government transfer programs; thus, his new measure does not adequately characterize the true nature of intergenerational transfers. Work patterns (which are changing), child care and elder care activities, pension plans and retirement policies, within-family and within-household exchanges—all of which would have affects on "generational accounts" far beyond the scope of public policy influences—are not included. Again, a life-course perspective could more adequately capture these areas.

A third criticism involves the crucial issue of *norms*. Kotlikoff states that he assumes economic behavior to be rational and based on information available.

This is not a tenable assumption, given the obvious importance of love and guilt so basic to intergenerational behavior. To assume that rational behavior, in absence of psychological and social attributes (let alone competing interests and agendas), explains policy choices and activity within the public and private sphere is not very useful. We would suggest that there are few such rational trade-offs in this new policy arena, and we do not believe it is prudent to advocate a new form of "generational accounting" which does not acknowledge that it is possible savings from one area will be shifted to an entirely unrelated area or that just because it is in the best interests of individuals to be rational that they will indeed be so. As we have pointed out, issues of guilt and love, considered irrational by most standards, do guide our approach to problems and "irrational" feelings may also guide our future policy decisions in terms of justice between age groups.

A fourth question involves the *political issue* of "justice between generations." Kotlikoff offers baseline numbers for each generation (he means cohort) and gender to quickly estimate what their "generational lifetime tax burden" will be. Policymakers, we fear, may latch onto these numbers as truth—even though they are based on future predictions of yet unknown future demographic birth cohorts and unknown policy changes—and begin making policy from these baseline figures (which Kotlikoff himself has cautioned are not the focus of his work). He says the point is to go forward from here and change generational imbalances such that the future generations will not be paying enormously more than older generations in terms of lifetime tax burdens. However, although Kotlikoff himself may not claim this method of accounting demonstrates that the older generations have been treated better than the young, others will; and they will not make the caveat that in any forward-looking method such as this the future generations will always look worse than the past ones. In sum, while there may be merit in Kotlikoff's proposal of making each age group aware of their benefits and reciprocal responsibilities—to other age groups and to future ones—the model he proposes is inadequate, and probably misleading, for any useful assessment of "justice across generations."

Empirically Assessing the Problem

We have argued that one of the central but relatively unexamined issues in the "generational justice" debate so far concerns *perceptions* about age-group inequities, especially as couched in terms of individual equity versus social adequacy. Of particular relevance are public attitudes toward policy options—ways to change present policies that may be inequitable. Unfortunately, there has been more rhetoric than relevant data on this issue. We report below two empirical studies relevant to perceptions of age-group inequalities and policy inequities: one a nationwide, cross-sectional survey of birth cohorts; the second, a longitudinal study of three-generation families.

The Macrosocial Level: Are Younger Cohorts in Conflict With Older Cohorts Over Policy Issues Across Age Groups?

In 1990 the American Association of Retired Persons (AARP) fielded a nationwide SCAN survey of 1,500 adults, ages eighteen to ninety, to examine perceptions of interage inequities and potential conflicts. The study was sponsored by the Forecasting and Environmental Scanning Department of AARP (Harootyan 1991), and was designed in conjunction with a team of researchers from Harvard and the University of Southern California. It was intended to explore various aspects of contemporary "linkages" between age groups and to discern areas in which intergenerational and intercohort stresses or conflicts may exist. The study focused on assistance, emotional, and financial links between adult generations and on the prevailing attitudes, values, and opinions that are related to these behaviors among different birth cohorts.

Data from these respondents provide little evidence of perceived conflicts between age groups in contemporary American society (see the initial SCAN summary by AARP 1992). The issues that have been the focus of discussions of tensions and conflict between cohorts have been economic issues, usually framed as issues of "intergenerational equity." Equity was defined in the survey as the relative well-being of different age groups, and the equitable distribution of government benefits among them.

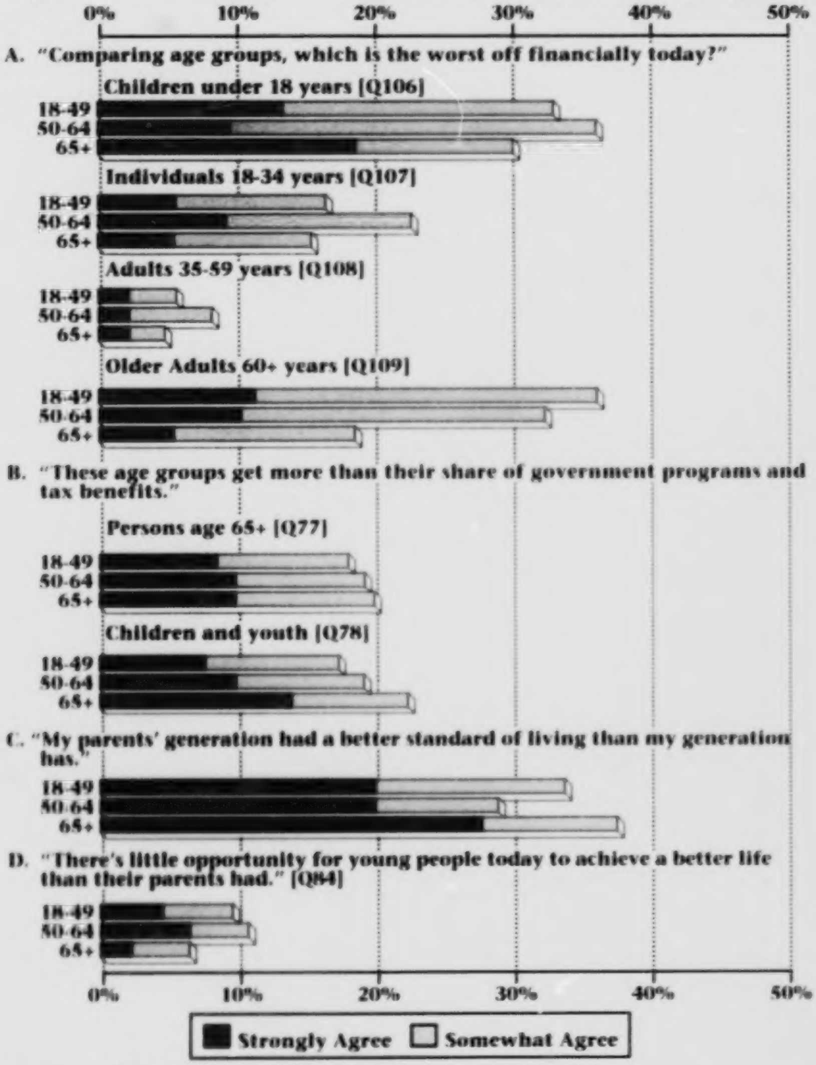
To what extent are there perceptions of general inequalities between age groups, and do these perceptions vary by age of those responding? Figures 7-1 and 7-2 summarize data concerning several aspects of this question. Data are reported by three age groups in the survey (18-49; 50-64; and 65+) which are relevant because they reflect roughly what political consultants and policymakers define as young, middle-age, and elderly voters.

First, participants were asked to compare age groups in terms of which is the "worst off financially" in today's American society. Respondents were almost equally divided in terms of targeting children or the aged (Figure 7-1A); in fact, one in ten saw both groups as well off, and another one in ten saw both as badly off. Overall about 33 percent agreed that children are worse off, while 33 percent agreed that older people are worse off. Of interest is the finding that older adult respondents (65+) were the least likely, among the three age groups, to target "older adults" as the worst-off age group today.

Which age group is perceived as receiving an inequitable amount of government benefits? Respondents' answers here were surprising. Fewer than one in five felt that any age category received "more than their share" (Figure 7-1B). And of those who did perceive inequities, the advantage was not to the elderly. In fact, only 18 percent of all respondents felt that the elderly receive "more than their share of government programs and tax benefits. Of interest is that elderly respondents (age 65+) endorsed this opinion more often than the other age groups (20 percent). Moreover, 18 percent felt that children and youth

Figure 7-1

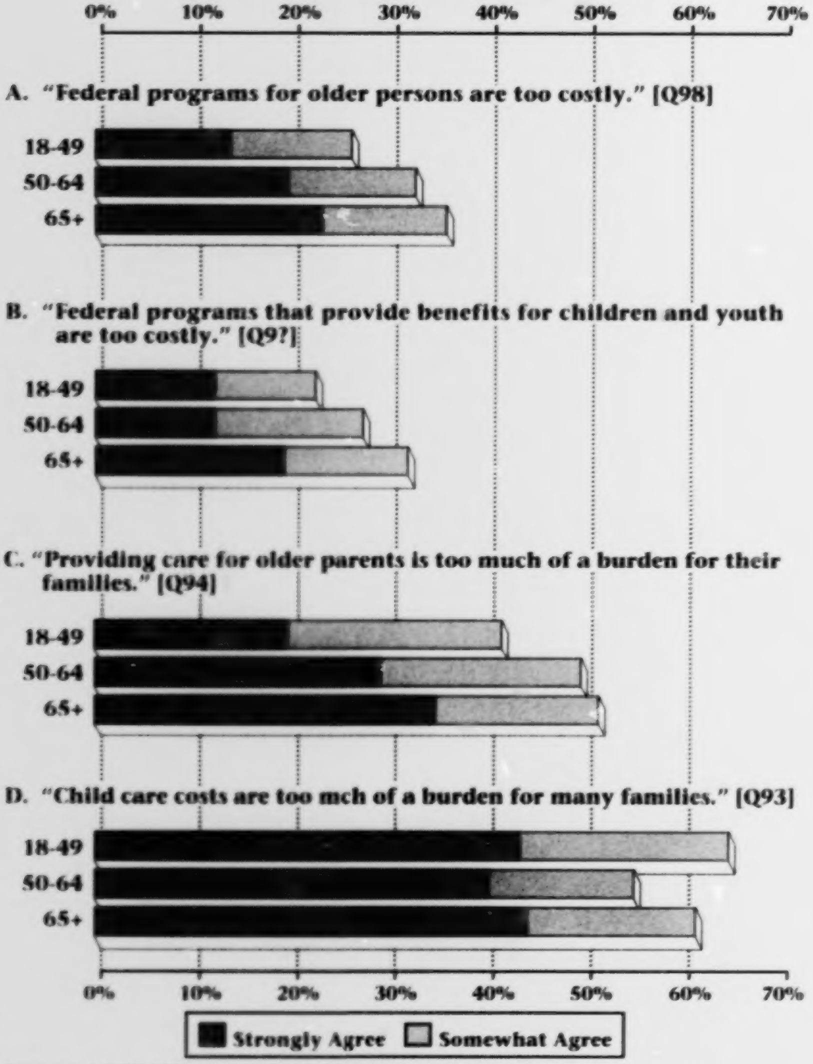
Perceptions of current age group inequalities and inequities: Financial status, governmental assistance, and life changes.



Source: AARP 1990 "Generational Linkages" survey.

Figure 7-2

Perceptions of financial "burden" in supporting age groups: Costs to government and families.



Source: AARP 1990 "Generational Linkages" survey.

receive more than their share. The strongest endorsement was by those 65+ (22 percent), second was by those 50-64 (19 percent), and third by the 18-49 year group (17 percent).

Are there also perceptions of differences in the opportunities and life chances available to different age groups? Only one in three respondents did agree that "my parents' generation had a better standard of living than my generation has" (Figure 7-1C). And what is interesting is that those persons ages 18-49 endorsed this item less frequently (34 percent) than did the oldest age group (37 percent)—the latter referring to parents born about the turn of the century. But with regard to opportunities for youth today, less than one in ten respondents disagreed with the statement, "there's little opportunity for young people to achieve a better life than their parents" (Figure 7-1D).

Another issue in the "generational justice" debate concerns the financial burden of support to the elderly, compared to other age groups. Here again perceptions of different age groups are important information; from the survey responses reported in Figure 7-2, there may be some surprises here.

What are perceptions of the relative cost of governmental programs for older persons and then for children and youth, compared to other age groups? Figure 7-2A indicates that three in ten respondents agree that "federal programs that provide benefits to older persons are too costly" (note again that the age group which agrees most strongly are those 65+ (35 percent). But almost the same number feel that "programs for children and youth" are "too costly" (Figure 7-2B) Here again the oldest age group is most in agreement (31 percent).

What about family resources and the perceived burden of providing support for older versus younger members? Figure 7-2C indicates that five out of ten respondents felt that "providing care for older parents is too much of a burden for their families." The oldest age group endorsed this item more highly than the others (51 percent). Figure 7-2D suggests that six out of ten respondents felt that "providing care for children is too much of a burden for their families." Here 61 percent of the oldest generation endorsed this item. By comparing items in Figure 7-2, it can be seen that the perception of "burden" is greater for families than for government, when questions of age group dependencies are the topic, and that the oldest respondents do not respond in favor of their own potential self-interest. This is consistent with other analyses of voting behavior (see Day 1990; Binstock, in press).

Of interest are two other perceptions of respondents in this survey. Should all people over age sixty-five pay a larger share of their medical costs than they do today? Less than one in ten respondents surveyed responded affirmatively, in striking contrast to what "generational equity" advocates might suggest. Moreover, of those who did agree, the oldest age group was in greatest agreement. Have advocates for older Americans been more successful than those representing children and youth? Slightly more than one in three respondents agreed—one might expect the perception of an "elderly lobby" influencing policy to be far higher, perhaps 75 percent. Again, of those who did agree, the oldest age group endorsed this item more than other age groups.

In sum, initial findings from the AARP 1990 survey suggest that today there is strong intergenerational support in American society. Ties between generations are also strong. Assistance within the family and community is the norm rather than the exception. But there is also the potential for tension and conflict between generations. Demographic imperatives and a potentially widening financial gulf between successive generations threaten to strain the connections between generations.

The Microsocial Level: Do Grandparents, Parents, and Grandchildren Agree or Disagree?

Turning now to the microsocial level of analysis, there also appears to be strong intergenerational support that, in certain instances, suggests a *potential* for conflict (which may or may not be realized).

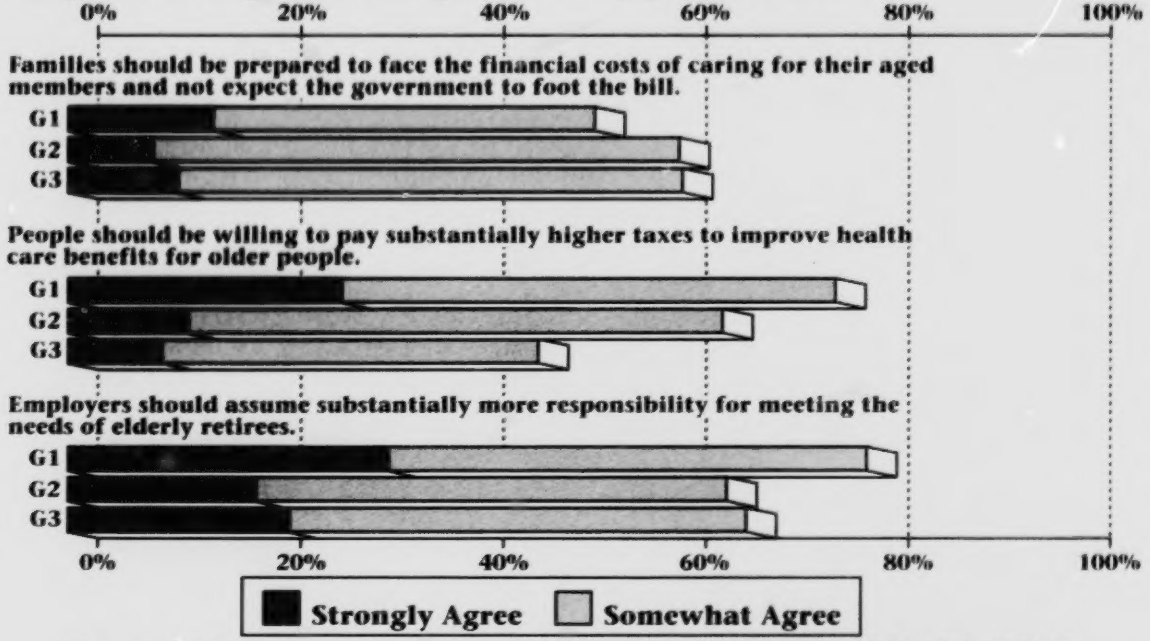
The University of Southern California Longitudinal Study of Families (Bengtson 1975; Bengtson and Roberts 1991) has examined issues of continuity and change within the lives of individuals and families for over twenty years. Survey data have been collected since 1971 and intensive interviews done since 1986. The original sample consisted of 2,044 individuals who were members of three-generation families of adults, contacted through the membership list of a large health maintenance organization. By the third wave of data collection, in 1988, the grandparents' average age was eighty-one; the parents' average age was sixty-one; and the grandchildren, thirty-nine. Of importance to the issue of "justice across generations" are the attitudes family members in the survey have expressed regarding public policy issues, particularly family versus governmental responsibilities for elder care. How different are the grandparents' views from those of grandchildren with regard to cross-age supports?

Figure 7-3 summarizes some opinion data on these questions. More than five out of ten of these family members agreed that "Families should be prepared to face the financial costs of caring for their aged members and not expect the government to foot the bill." However, the oldest generation (G1) was the *least* supportive of this statement. And those highest in agreement were the children and grandchildren, whose parents and grandparents are most at risk of dependency and need of health care. It is also of interest that female family members expressed lower endorsement of this opinion than did males.

When asked "should people be willing to pay substantially higher taxes to improve health care benefits for older people," over six out of ten respondents agreed. But here there were much more significant differences between family generations: aged grandparents and aging parents endorsed this item more than the thirty-seven to forty-one-year-old grandchildren.

When family members were asked if employers should assume substantially

Figure 7-3
Responses to open-ended questions by generation.



Source: A Longitudinal Study of Generations and Mental Health (1988) more responsibility for meeting the needs of elderly retirees, over seven in ten respondents agreed. There were no statistically significant generational differences. However, both the youngest (thirty-seven to forty-one years of age) and the oldest (eighty-one to ninety-six years of age) age groups expressed higher agreement with this policy. Female family members gave higher endorsement of this opinion than did males.

These data suggest three things: (1) There is little evidence of generational disagreement on these "aged responsibility" issues. Moreover, there is little evidence of "generational self-interest"—in fact, "generational altruism" seems a more plausible interpretation. (2) The norms of primary family responsibility for financial support of aged family elders are supported by a majority—however, almost an equal number do not support the idea that families should be expected to shoulder the burden of financial support for elderly family members. That is, families *do* expect that there will be some form of aid in addition to private resources when they reach old age. (3) There are gender differences in endorsement of public policies, depending on whether or not it is the family or the employer that would be asked to take responsibility. When the family is expected to assume this role, women give less support for this policy—probably because women are most likely to be the caregivers. Conversely, when the question concerns employer responsibility for meeting the needs of the elderly retiree, men are less supportive of this policy than women. This gender contrast in responses suggests the following interpretation: men are still more likely to be the business owners who would be forced to pay for such additional responsibilities; women, the family members who are primary caregivers to elders.

Future Prospects for Age-Group Conflicts or Solidarities

Debates over "equity" or "justice" between age groups are valuable, in that we are forced to recognize inconsistencies between ideology and reality. Moreover, the discussion has also produced a great deal of evidence demonstrating the interdependence among age groups (for example, Bengtson and Achenbaum 1993; Kingson et al. 1986). The issue of justice across generations has also brought about more concrete discussions of class, poverty, and conceptualizations of social and individual responsibility (Binstock, in press; Quadagno 1989a; Torres-Gil 1992). The discussion has reinforced the importance of government's contract with its citizens (see Day 1990 for a discussion of social welfare expectations by age groups) and has documented the still constant force of family solidarity and adaptation in changing times (Bengtson et al. 1985). Finally, intergenerational justice raises issues of intracohort and intercohort heterogeneity and diversity and the possibility of varying social contracts among "generations."

What might happen in the next decade? There are several reasons to predict that debates over "justice among generations" could bring about conflict in future decades—by 2010 or 2020:

(1) First, "justice" involves more than an issue of one age group versus another. At the core of the debate is a real argument over individual equity and social adequacy, justice between the rich and the poor within each generation or birth cohort. The gap between rich and poor in American society grew during the 1980s (Kingson 1988) and it continues to enlarge in the 1990s. Homelessness, single mothers living in poverty, high unemployment, and the prolonged economic recession agitate solution-seeking activists to call for cuts in benefits to the elderly. What makes the equity debate so disturbing is that it is couched in intergenerational terms. Binstock (1992) has made a strong argument about the utility of a "justice between age groups" framework in diverting public attention *away* from the more fundamental issue of "justice between rich and poor." First, Binstock dismisses a "trade-off perspective" as a mechanism for explaining policy choices and alternatives; there is no rational form of decision making in the federal government which guarantees that if health care spending on the elderly were reduced, then the savings would be allocated to spending on children. Second, our political system, Binstock argues, is set up such that the allocation of health care is determined by economics and social stratification; those who can pay for it get it.

Thus, the resource allocation system we have now (economics and social stratification) and our generational framework (age groups) is better understood by looking at the sphere in which the notion of justice is applied (health care, welfare, housing, tax burden, family exchanges) and the underlying assumptions employed (rational trade-off, for example) to explain what is or is not an equitable or just policy. Justice is not only an issue for "generations," but it is also a critique of class and intercohort and intracohort disparities (Hushbeck also suggests this in her chapter). One need only to look at the recent rioting in the streets of south central Los Angeles and in other U.S. cities to see the implications of growing gaps in income and the effects of relative deprivation on younger age cohorts.

(2) As Torres-Gil (in Kingson 1988) points out, a potential exists for race to enter into the intergenerational equity debate. Given that future workers supporting the Baby Boom generation of elderly in terms of contributions to Social Security will include a large proportion of racial and ethnic minorities, it is important that their interests are represented and included in policy decisions and future determinations of societal obligations and equitable resource allocation. Additionally, women's groups may become important actors as women in poverty struggle to raise their children (Quadagno 1989a). In fact, class, race, gender, and ethnicity, rather than age alone, will be vital issues to address in terms of differing poverty levels and status in future discussions of justice across generations.

(3) The caregiving needs of the elderly will increase in the coming decades as there are more people living longer, and this will put an enormous strain on

the private and public resources available to care for them. Further, it will be the middle generation which will be asked to shoulder this burden, not only in terms of caregiving within the family but also in terms of contributions to the Social Security system. Recently, a coalition of major U.S. companies including IBM, Allstate Insurance, AT&T, and American Express announced a consortium—the American Business Collaboration (ABC) for Quality Dependent Care—which plans to take private sector measures to provide more child and elder care services for the families of their employees. This is a positive step toward avoiding future conflicts over caregiving issues.

(4) The media has played a large and constant role in expanding the debate over justice among age cohorts, and it is likely the media will continue to expand the conflict perceived to exist between generations. For example, *Fortune* magazine, headlining "The Tyranny of America's Old," claims the elderly are shortchanging the young in their share of public resources (Smith 1992). The political issue of intergenerational justice is complex and potentially divisive. It is too easy for uninformed newspersons, politicians, and other competing interests to narrow the issue to a discussion of young versus old in distribution of federal benefits and assistance, ignoring the mix of factors contributing to the debate such as the distinction between family and the larger society, private resource transfers among birth cohorts and families over time, cohort reciprocities over historical periods, and the life-course distribution of resources. While the media raises important issues, it also offers much anecdotal evidence to construe the facts and perpetuate stereotypes of conflicting age-group interests.

(5) If health care is not better managed and targeted to benefit the young, the uninsured, and the old within society, potential conflicts are a very real possibility. Current federal spending on health care is decidedly skewed in favor of the elderly while children and workers are more likely to lack insurance (Meyer and Moon 1988). Issues of the uninsured, the underinsured, and low-income and ethnic minorities need to be faced and action taken to reform and reconstruct our health care system.

It is speculation at this point as to whether or not these or other issues will produce future conflict across generations. As we have suggested, the issues could go either way. It is equally important to remember there are transmissions and patterns of continuity across generations which could moderate and influence these issues. There may be an emergence of "new roles" for older persons as day-care volunteers or teachers in economically strapped schools and universities, and we may see more seniors working part-time jobs in lieu of retirement or reciprocating to future age groups by working to preserve the environment. We may see greater elder altruism to support proposals to cut the deficit and elders may turn to such selfless acts as suicide in old age or refusal of life-sustaining treatments.

Further, more years of shared lives across generations may increase solidarity within families, bringing with it a valued "kin-keeping" role for elders who cre-

Table 7-4. Sociological perspectives on "Justice Between Generations"

	Cohorts	Lineages
1. Conceptualization of justice	Distribution of public resources across age groups	Distribution of private resources within families
2. Values and Norms of the social contract	**Values:** Virtue of supporting dependent populations **Norms:** Obligations and expectations of duty and reciprocity among age groups	**Values:** Filial piety, desirability of intergenerational bonds **Norms:** Obligations and expectations of duty, altruism, and reciprocity among family members
3. Have these norms and values changed over time?	YES; Demographic, economic, and political forces have impacted these in recent decades—a new political issue	YES and NO; Demographic, economic, and social forces have changed family structures and roles, but family bonds, duties, and expectations remain—an issue for centuries
4. "Justice" viewed from a life-course perspective	Considers social context and meaning, historical location, and heterogeneity among and within age-group resource distributions	Considers social context and meaning, historical location, and heterogeneity among and within family resource allocations
5. Possibility for future conflict	(a) Increases in age-dependency ratio (b) Increased "ageism" (c) Aged as "scapegoats" for other social inequalities	(a) Elder caregiving demands (b) "Generation squeeze" and 2-generation geriatric families (c) Life-long "lousy relationships"
6. Possibility for future solidarity	(a) Emergence of "new roles for older people" (b) Recognition of life-course reciprocities (c) Elder altruism	(a) More years of shared lives across generations (b) Greater "kin-keeping" and role models of aging (c) Greater potential support available

ate new norms of old age. Lastly, there will undoubtedly be a greater potential for both instrumental and socioemotional support from elders within families in the future.

Summary and Conclusions

In this chapter we have argued for taking a more general, sociological and life-course perspective on the problem of "generational justice." Our arguments can be summarized as follows (see Table 7-4).

First, the "problem of generations" involves issues of socialization, as well as succession and senescence—age-old human problems that are more social than economic. These issues, however, are changing because of the effects of sociological developments including welfare provisions for "needy" groups and population aging, with their economic and psychosocial ramifications. Our policy responses to these charges have been inadequate (or irrelevant).

Second, it is crucial to define what we mean by "generation"—and to decide whether we're trying to explain equalities and fix injustices at the macro- or the microsocial level of analysis.

Third, we need to examine notions of justice within a broader sociological context of values and norms, which will lead us to a distinction between "individual equity" and "social adequacy," and the necessity to achieve balance between the two in our policy formulations.

Fourth, "justice" can be conceptualized for either cohorts or family lineages, and it is best understood for both cohorts and lineages from a life-course perspective which incorporates social, historical, and family time as well as the meanings and heterogeneity of these different time frames for perceptions of "justice among generations." Such a framework helps to explain the expectations and obligations individuals and groups express and anticipate in light of economic, demographic, and social changes.

Fifth, we have suggested the possibility of both future conflict and solidarity among age cohorts and family lineages in the next two decades.

The role of public policymakers in the future should be to formulate policies informed by theory, employing the life-course approach to the issue of justice, in order to bridge the current gap between findings such as those offered by the various authors in this book and in actual policy practice. Gerontologists, social scientists, and policymakers must work toward sharing a common paradigm of the life course and aging, "generations," and "justice between generations." We must strive to clearly define the problem in order to alleviate injustices rather than clutter the issues with conceptual confusions.

Chapter 8

Cultural Frameworks and Values in Intergenerational Justice

Robert L. Rubinstein

As Americans, our experience of "naturally occurring" intergenerational justice is found in the family, the setting where we enact our notions of what is right among and between the generations. There is substantial evidence that Americans go to great lengths, in a family context, to take care of their elders, and elders their descendants. However, and in fact, family relations are complex and may involve both espousal of love as the main cultural component of family life and justice and considerable family conflict and contention as well as neglect. Also implicated in family intergenerational relations are issues such as dependency, control of resources, and the moral suasiveness of kinship.

Yet in American society, questions of intergenerational justice have become the province of both family relations and larger societal relations as well.

In examining the notion of intergenerational justice cross-culturally, we have extremely diverse materials of uneven quality to examine. However, we do know from anthropological literature on aging that the family (domestic group) is the major locus of care and protection for the vulnerable, including elders, in almost all of the world's cultures. We must closely attend to this fact. In a certain way, we may define intergenerational justice cross-culturally in the context of age-based, family and community role structures. For this, "justice" (of some sort) is found in the eventual access those of all ages will have to the rewards of future roles. Clearly such a system of justice is contingent on the stability of the role structure over time. Given the very considerable social change that has occurred in the world's cultures, stability of such systems may be under attack, although some age role systems may newly incorporate change as tradition, thus fostering an image of continuing stability. In terms of intergenerational justice, there is also a problem with childlessness in later life. The status of childless elders cross-culturally appears diminished and in some sense among them justice is not served. Further, in situations of substantial change in the age role system, elders may develop certain procedures to proactively gain what can be theirs. It is likely that in many societies notions derived from family relations and moral notions of what is right in the family context will in part provide the raw materials for notions of intergenerational justice when this becomes an issue of society at large. However, because of the selective nature of family-based justice and the complexities of family relations, a very great deal of care needs to be taken in extending a family sense of justice to society at large. It is important to note that family relations provide only one model for intergenerational relations and may have limited applicability. A wide range of alternative principles—some broad—may be used to defend or empower various notions of justice. However, it is likely that any broad principles will be tactically negotiated for each instance of concern about what is right or just in intergenerational relations. In each culture, gaining a thorough understanding of how such values and principles are applied remains an important task.

In examining literature on intergenerational justice cross-culturally and in attempting to bring a cross-cultural and culturally sensitive perspective to the issue of intergenerational justice, several issues seem to me to be salient. These, by and large, concern the models of relationships or human action that guide intergenerational justice. Another way to put this concern is as one for the language of and the cultural assumptions underlying intergenerational justice. In particular, I want to focus on the family, the individual, and the characteristic of age itself as culturally based models for justice. I will also comment on how these might be used societally to provide for theories of intergenerational justice.

The 1980s

I want to begin by returning to the language of the 1980s debate about age and resources. In its most unfortunate form, the idea of justice among generations has been phrased as an example of relational *injustice* between them. The most outlandish discourse of the 1980s and 1990s has communicated an image, in what I view as a radical political context, of the elderly as greedy of resources; wallowing in a hedonic and leisured life-style; living unnaturally and without regard for generative urges or the current needs of other age groups; grabbing more than their fair share of national resources and income and keeping them; and impoverishing children. (For discussion and criticism, see Kingson, Hirshorn, and Cornman 1986; Kingson 1988; Binstock 1983; Preston 1984a).

It is ironic that some two decades or so ago, the image of the elderly, in contrast to that of other generations, was quite different. The elderly were seen as in need, especially of health care, as isolated, poor, alone, warehoused in nursing homes, and to be aided legislatively and programmatically. It is certainly the case that the elderly have in general increased their overall economic resources in comparison to two decades ago (Moon 1988) and that we are now witnessing a great transgenerational transfer of resources among middle-class and upper-middle-class elders to their middle-aged children. But, in contrast to the "greedy geezer" image, it is also true that approximately 20 percent of the elderly live within 125 percent of the poverty line and more than 40 percent are economically vulnerable (Holden and Smeeding 1990; Smeeding 1990; Villiers Foundation 1987). Further, it is increasingly clear that the old image of old age as the great equalizer is no longer true and that the pre-age sixty-five class structure increasingly dominates after age sixty-five (Crystal and Shea 1990).

To return to the radical discourse, one way of viewing the arguments of the 1980s is that "the elderly" are seen as the group most responsible for the present or potential poverty of their own grandchildren. This is an interesting story, a fairy tale. And the suggestion can be made (only somewhat tongue in cheek) that it would also be interesting for a folklorist or myth analyst to try to compare this fairy tale to other Euro-American folk tales.

A Conflict

Yet, if I am not wrong in my reading of the cultural nature of this fractured sentiment, it contains the seeds of another sort of story. The suggestion of elders' culpability in regard to the misuse of resources seems somewhat a more reasonable story when conflict is phrased societally and intergenerationally as "the old versus the young" rather than within a familial context as "grandparents versus grandchildren."

Can it be the case that the positive and interdependent images we uphold of family behavior render such perceived parasitism less possible in the cultural story of family life? The family context culturally denotes mutuality; amity; generativity; sacrifice for a purpose; selfulness through selflessness; and the sometimes painful negotiation of autonomy, dependence, and interdependence. We must thus consider how the story of attitude or intent of the elderly is packaged; that is, its cultural image, along with the terminology or context used in rendering it as plausible to members of society. This thought suggests that we ask what elements of social structure are culturally selected to "package" or "edit" intergenerational justice or conflict? And whose interests does the "packaging" serve?

Thus minimally we have two "stories" that encapsulate key cultural images: the warfare of generations motivated by narcissistic geezers versus the self-sacrificing and nurturant grandparent. Or, as Cool and McCabe (1987) have described such images, the "scheming hag" versus the "dear old thing."

The Family

Let us turn first to the family as a source of images and feelings upon which to base issues of justice and injustice among generations. As we have noted, it may be socially easier for conflict to be viewed as the work of amorphous and impersonal "generations" or "ages" or poorly understood societal segments rather than affixing the blame for conflict or misappropriation of resources on more familiar social components such as the family. Ideologically, it would be considerably more difficult for the blame for conflict to operate within the culturally idealized construct of the family, this the locus of love (Schneider 1968) and a context of warmth and intimacy, especially for grandchildren and grandparents who exist in particular and specific families or whom we may personalize with reference to our own families.

Yet here, it is important to make a distinction between one's own family and perceptions of other families in general.

We know the great lengths to which middle-aged children and even grandchildren go to care for the impaired elders in their families (Brody et al. 1983; Brody 1985; Brody and Schoonover 1986). Yet this research has been in part necessitated by and been counterpoint to the pervasive cultural myths that we don't take care of our elders or that we warehouse them unfeelingly (Shanas 1979). Thus apparently, some caregivers believe that they go to great lengths to care for their elders, but in many other families equivalent care of similar quality is not forthcoming.

The Contributions of Elders

A very great deal of research in the last few decades has gone to describing the actuality of the interdependence of generations. For example, the 1985 Survey on Income and Program Participation (SIPP), a survey of some 20,000 American households, contains data on the participation of elders in family-based intergenerational giving and receiving in non-co-resident households. This survey shows that elderly family members provide nearly 17 percent of all financial support provided by family members in the United States. This is also only a small proportion of all transactions that link elderly parents and their adult children; even at age seventy-five a very substantial number of American elders are still involved in *giving* resources (Kingson et al. 1986). Thus often overlooked in the debate about intergenerational justice are the very many things that elders do do for others.

It is from the context of specific families that two important features of intergenerational relations and hence justice are seen, the interdependence of generations and the whole life span perspective. As Kingson, Hirshorn, and Cornman (1986) have persuasively argued, generations are interdependent. It is silly to see them as opposed. Further, the life span perspective suggests that it is useless to speak of people at a certain age without regard for the fact that they will continue to age. To view old and young as "opposites" of some kind is both senseless and deleterious.

The Family, Again

The family, or kin or domestic group, provides the basis of intergenerational "justice" in most societies. I argue, with reference to traditional or non-Western societies, that idioms of the family or domestic group are likely to form the basis of any systematic representation of intergenerational justice. As is well known, families and kin and domestic groups are symbolically constituted and provide symbols and principles of connectedness, care and caring, rootedness and obligation, despite the wide-spread existence of conflict. These symbols and principles may apply to other activities in society. To the extent that intergenerational justice leaves the domain of the family (kin or domestic group), to become a societal concern, it may be likely that these same idioms will be utilized or expanded upon in the service of a society-wide model as to what constitutes justice. In many societies, the cultural nature of intergenerational justice may be embodied by widely shared images of generational or segmental character. Pithy sayings and uttered principles about honoring one's elders are widespread in the world's societies, although, of course, their enactment may be a different matter.

To be sure, topics such as "justice" have a peculiarly Western flavor. While other societies certainly concern themselves with issues of rightness, wrongness, conflict, and relationships among generations within families and in society at large, they may not be phrased in such peculiarly moralistic terms, and we must be sensitive to the nuances of meaning here. In many cultures, such intergenerational issues are being locally negotiated or are unquestioned. There is little research in this area cross-culturally and it would certainly be timely for in-depth exploration. "Intergenerational justice in cross-cultural context" is difficult to encapsulate because so much about it is culture bound and may translate imprecisely with native understandings, if at all. At the very least, it assumes a level of reflexive examination that may simply be absent from the everyday life of many people. Existing cultural categories may not carry the precise sense of what we mean by justice. The amount of cultural and structural diversity is great. And the anthropological study of old age is recent and grossly underdeveloped, and many aspects of the cross-cultural study of intergenerational relations are unsatisfactory and the literature is often poor.

These conditions aside, there are a number of observations we may make about family and intergenerational relations cross-culturally. First, all societies have asymmetries, conflicts, and structural inequalities (Foner 1984; Flanagan 1989). The idea of a generation as a building block of society is universal, and therefore generation-based conflicts are widely found. In most societies in which elders have power, power is not necessarily attained because of elderhood per se, but because certain elderly individuals have gained control of valuable resources, as these may be locally defined (cf. Glascock 1986) or are of a certain gender. This is well reflected in my view in a variety of gender asymmetries in societies with age grading. Finally, all societies not only have generational conflicts but also counterbalancing principles and mechanisms that articulate support and justice that may act to smooth such conflicts.

Cross-Cultural Perceptions

Many analysts of old age in Third World and traditional societies have argued that in such societies aging is a family affair. The family or domestic unit is often the context for power and authority by the elder, the arena for the display of the asymmetrical roles and duties that attend life course statuses, and increasingly, with the larger number of elderly and especially the old-old in non-industrialized nations, the locus of care. We know too that there is almost no material on generational equity cross-culturally (Albert, in press).

In a paper on family ties of the aged in cross-cultural perspective, the anthropologist-gerontologist Corinne Nydegger (1983) has described and deflated three pervasive myths that are associated with Westerners' beliefs about aging and family life cross-culturally: first, the Golden Age myth that things were better for elders in the past (they weren't necessarily); second, the Golden Isles myth that life for elders is better in some small out of the way places (it isn't necessarily); and, third, the myth of the "natural" nuclear family (it isn't, she believes; the family is quite variable and dynamic, although generally the locus of elder care). Given the family or domestic group perspective, intergenerational justice may simply be viewed as everyone getting a chance to partake of and play all the life course roles in turn in her or his lifetime, experiencing the pains and benefits of each.

This view encodes what might be a *pragmatic* definition of intergenerational justice in many small-scale societies. And it may be viewed as above and beyond the everyday sorts of exchanges that accompany roles and relationships: small intergenerational deeds and duties on the personal, family, domestic group, lineage, age class, or clan level. This definition of justice focuses on the socially sanctioned ability of each age to consistently follow into and gain the rights and obligations of those who have come before. As such, it acknowledges the multiple perspectives inherent, by virtue of a lifespan framework, in pragmatic issues of justice.

Such a notion of justice is dependent on a more or less stable community setting and a well-accepted normative life course that are both experienced as reality and internalized within society's members. We may designate this as role-based intergenerational justice. This is a rather narrow view of intergenerational justice, one in which justice is viewed as everyone having an equal chance to eventually partake and to receive what is owed at every point in the life course. The idea here is that you may not get what you may think should be coming to you right now, but eventually you will get what is yours. In part, we may identify some of the strident, "ageist" literature in the United States of the 1980s as a fear of this not happening, a fear of future change.

This more orderly situation may be contrasted to a generational succession in the context of social change so profound that is disturbs the experience of social roles and their internalization, before a significant portion of the population has a chance to partake of them, to reap any rewards of seniority. In contrast to systems of generational succession when a structure of benefits is intact, in this case we have profound change in generational systems into which some ages—generally the young—are no longer willing or able to invest energies since the rewards and the loci of rewards are no longer germane to them.

Societies will differ on the basis of what components of the normative age structure are viewed as enduring and important by those entering into the structure. Some systems can tolerate broad changes in both content and form of age sequencing, while at the same time experientially appear to be unchanged. Indeed, a change in social organization or family life may be viewed or redefined as "traditional." For example, the fact that most adults will experience the death of one or both parents when they themselves are in middle age is an increasingly normative event in the twentieth century as are long episodes of parent care. These new historic events have been grafted onto age-based role sequencing in the domestic realm without demolishing (although at times greatly taxing) the normative age structure in the domestic domain. Despite the relative newness of widespread filial caregiving, it is often understood as an extension of the "traditional" functions of family relations and viewed as domestic or traditional opposition to the role demands of the extrafamilial world.

Childlessness

A role-based conception of intergenerational justice has much to do with a family or community context. In her article Nydegger (1983) also noted that for elders in most settings who are without children or other family ties, life can be marginal and even grim. Nydegger's paper, and many other studies, demonstrate that in small scale or traditional societies, the locus of life and care for elders is the family or domestic group. If there is justice, conflict, or equity, it generally exists within this context and therein its meaning must be encountered. In small scale and traditional societies that have not yet reached the fertility decline said to be characteristic of industrializing societies, or in societies that require children for lineage continuity and property maintenance, the meaning of having children expands in relation to intergenerational justice. In order for the rewards or earned benefits of seniorhood to be had, there must be a complementary juniorhood in the system.

In many societies having children ensures justice as it might be defined in a role-based system with stable structure. To be sure, many societies are based on principles of connectedness that are different from Western models (which bases kinship securely on what we see as the biological or blood tie). Other societies reckon a wider variety of ways of acquiring kinsmen and potential caretakers and care receivers, with more expansive kin systems, place-based kinship, and systems of fosterage and adoption. However, most societies reckon individuals who are childless and these often suffer from a profound social stigma. And these persons are the ones that Nydegger and others have viewed as potentially the most vulnerable or, in our terms, lacking access to a stable system of justice. Because some societies see the failure to reproduce as itself an injury to the social fabric, a wretched or vulnerable status in later life may as well be seen as a just outcome for those who have failed to create the proper social capital or to maintain intergenerational connections. We know very little about extrafamilial domains of generativity cross-culturally.

Cultural and Social Change

In family systems in which the structure of rewards and hence of justice has been profoundly altered, a more proactive stance may need to be taken by elders, who no longer reap what they've sown, as it were. I recently attended a conference on aging in the Caribbean region in which presenters from both the Spanish- and English-speaking Caribbean stressed the existence of increasing social isolation of the elderly and failure of traditional informal social supports, due in part, to the massive outmigration in the previous decades of then young but now middle-age or older children. Little is known about what senior adults might do to gain access to potential rewards in a system of profound change.

Goldstein, Schuler, and Ross (1983) in examining social change in urban Nepal, see the locus of conflict, equity, justice, and control as the family; see the family position of the elderly favorable only to the extent that they retain control over property; and wonder if this is not increasingly the case in most of the Third World. Of significance here is a story told by one of their Nepalese informants:

> *There was an old man having four sons, four daughters-in-law and many grandchildren. He was not cared for, loved and respected by them. He was not even given food properly by them. So he went to his friend and told him everything. So his friend bought him a big box and locked it with seven locks and told him to keep all the keys always fastened to his waist.... That old man told all his sons that he had a lot of property in gold and jewelry that he had been keeping at his friend's house but that now, since he was old, he decided to bring it back to his own house where he had four sons and daughters-in-law to look after such valuable things. Hearing this all the sons and daughters-in-law loved, cared for and respected him. He was given good foods and good medicines when he was sick....* (P. 718)

The informant added, "I have been inspired by this story. I am not afraid because I have that red box over there in the corner."

A similar situation may be found in Malo (Natamambo) Island in Vanuatu (formerly, the New Hebrides) in the southwest Pacific, where I have done fieldwork. This is a small Melanesian island with a population of some 2,000 persons who practice slash-and-burn agriculture for root crops and raise pigs and engage increasingly in cash cropping. This place has seen dramatic social change and a reworking of its age role structure that has been profound. In this locality, as in many Third World settings, there are indeed incredible pressures on the middle aged who are involved in both subsistence and cash cropping, child rearing, daily maintenance chores, and the endless search for money. These concerns eventuate in stresses on larger kin groups (clans), in unclear kin duties, and in altered patterns of human care and contact. Control of property and moral reasoning provide vehicles of justice, as elders see it. Older men, as property holders appear to be better able to compel their juniors. Older widows are at a loss in this setting and must rely on personal relations and moral reasoning for their support. And sometimes they are overlooked.

Variant Models of Intergenerational Justice

We have spent some time in examining the family as the locus of or model for intergenerational justice. Yet while the family may provide an important context for justice, even within the family there may be no consensus on the nature of rightness. For example, Albert (1990) has shown that, although the rationales given by caregivers in explaining their caregiving form a distinctive subsystem in American culture, such rationales, in fact, vary. Further, caregiving may be equated as an exchange of services or as care for what is viewed as part of oneself; similarly, the care receivers may be viewed by the caregiver as an ill person or as a child, as well as a parent.

In fact alternative models of societally based intergenerational justice can be established without regard to the family. Such models may include cultural packaging of justice on the basis of what may be seen as inherently owed the person as an individual (for certain accomplishments or for just being alive); on the inherent merits of age; on the independent basis of the greater good of society, however this is defined; or on the basis of some other culturally distinctive principle not considered here.

Thus other sorts of intergenerational justice may be based on a minimum conception of adequate and appropriate age-based support, a universalism, as it were, in which everyone by virtue of just being a person is entitled to minimum economic, medical, or social support, regardless of the social roles any person may have played in the life span. A more expansive conception takes a grander view of what is "minimally necessary" and what is age appropriate. For example, the targets of literacy programs are often young adults or middle-aged persons, but it is clear that many elders who are illiterate may equally benefit from such programs, although they may be viewed as less important clients.

Family Versus Societal Justice

The importance of the family or domestic group cross-culturally suggests that we distinguish between the family and the societal (and the national) level in understanding intergenerational justice. And thus we must acknowledge that the family and family relationships can provide one important overarching model for intergenerational justice in our own and other societies, but understand as well the practical limitations of them.

Such limitations derive from the inherent asymmetries in the family in ages, capacities, abilities, and resources. Can intergenerational justice be defined at the same time as existing both within and relevant to society as a whole as well as within each family? At the very least, those ideals, behaviors, or motivations that might fall under the rubric of generational justice in families are distinctive. Despite the asymmetry of roles and powers, families, in theory at least, unendingly reduplicate the structure of rights and duties, of justice and of what is owed and expected. With each generation, American families separate lineally into three or four generation segments and begin anew; each family represents a primal founding of a new descent line; issues of consanguinous collateral, same generation, or intergenerational justice are rarely envisioned or accounted for. Larger societies do not reproduce in quite the same manner.

In the family context what is owed among generations is support, nurturance, mentoring, and care, but foremost among these is love, which is attendant on American conceptualizations of the content of kinship. Americans, unlike many other of the world's people, view kinship as a matter of pure biology, through a folk theory of biology. In the American cultural view love "naturally" follows the biological relationship, especially lineally, so that collateral relatives, who are more distant genealogically, also usually are the objects of lesser love. Anthropologists have written a great deal about the content of American kinship; some have distinguished a symbolic component, actualized through the notion of shared substance ("blood") and affect ("love"), conceptually separate from the behavioral activation or maintenance of kin relations. In kinship terms, that generations in families share love and share substance through the blood tie is at the basis of moral agency and therefore of intergenerational caregiving.

It is possible to argue that intergenerational justice should not apply to families at all, and that family ideology cannot be applied to questions of societal intergenerational justice. We rarely hear the argument that our country is like a "big family" and that we "know" the experiences and needs of elders because we know firsthand the experiences of our own grandparents.

Each social generation is a provider and is dependent in a variety of ways, as is each member of a family in any generation. If the notion of intergenerational justice has validity, it may gain this by selective application to society at large, and to senior adults, based on higher order notions of rightness, wrongness, and fairness as well as the income and assets of its segments, and resource transfer and exchange. For example, one of the stellar aspects of Social Security has in part taken the issue of financial maintenance and support of elders out of the family context and made it a general societal issue. Family no longer need come up with complete financial support for parents; rather this function is now a societywide concern. In Malo Island society, the web of debts owed to others and by others pass from father to son, and indeed are the product of the father's generative work. While the debts are work undertaken by the son and are interpersonally competitive, they are also overseen and managed by public scrutiny and pressure. They are never fully one's own responsibility; there is always help. In the Malo view, it is society that "lifts up" the individual.

In small-scale societies, having children and keeping them close may be the most important means of ensuring role-based justice. In American family contexts the childless receive less support, and, as my own research has shown, our cultural system of reckoning kin is oriented to a lineal rather than collateral configuration, is rarely morally binding outside of the lineal context, and may be unresponsive to attempts by childless elders to manipulate it to ensure supportive connections (Rubinstein et al. 1991; Sangree 1987; Rubinstein 1987; Huseby-Darvas 1987; Donner 1987; and Zimmer 1987). However, this may often work both ways. Childless elders may cite the broad spectrum of difficulties with children as contextual positives for their experiences and, as is a frequent utterance in adult caregiving studies, "one mother can take care of ten children, but ten children can't take care of one mother."

Cross-culturally, we may ask is some form of justice not granted to those who don't have children? Is the number of children used to endorse intergenerational responsibility a success or disadvantage? Are children necessary for justice?

In America childlessness for any individual does not seem to be a disadvantage on a societal basis. For example, individuals are not disadvantaged in Medicare, Social Security, or in similar programs because they are childless although the childless do seem to be institutionalized at a higher rate.

Societal Intergenerational Justice

The establishment of societal level means to facilitate intergenerational justice for the elderly is in its infancy in many nations. This does not mean that societies lack societywide or supralocal age-based groupings. Many societies utilize age or cohort groupings to form the basis of stable social categories across localities and to provide for a uniform succession of meaningful life stages. Studies of age-grade systems demonstrate that their focus often appears to be male socialization, warfare, and the like. While age grades serve to promote both a variety of cultural asymmetries and age-specific, culturally defined rights and duties in which the everyman (that is, in almost all cases, men only) is eventually served.

Societies differ in the mechanisms they have established to socially embed generational differences and to handle conflicts that can emerge intergenerationally and among social segments, differing implicitly in handling elements of justice. For example, while everywhere the categories of young and old are recognized (whatever they might mean culturally) these are crosscut by any number of other social groupings be they clan or lineage, domestic or locality based, work-based or gender-based. It becomes difficult to societally focus on innate rights or capacities of generations for more than a short period of time because they are inherently enmeshed in other, crosscutting categories, identities, and structures. Proactively, justice may be found in the adequate manipulation of these by individuals. While justice may operate from broad principles in a given society, in fact the cultural meaning of intergenerational justice may need to be found in the negotiations about principles brought to bear on everyday events of intergenerational relations, in the details and in how broader principles are applied to particular events. Everyday negotiations are informed by values that are either explicit or implicit and that may often be in conflict.

We have argued that for many the care of the elderly derives from family and thus from personal experiences of intergenerational relations. The principles contained in these experiences also must contain a seed of what is just. We have argued two related concerns. First, family (or domestic group) relations are likely to be applied in many societies as pragmatic principles of intergenerational justice and that there may be much ambiguity about this, given social change. We have also argued that family relations as principles for justice are not the only principles and are likely not to be adequate for an adequate conception of societal-level justice. First, even in the family, where broad moral principles of care may be most usefully articulated, there may be many small-scale negotiations about what is owned and why. Second, the family model of justice may extend only so far as the obligation to "take care of our own." And, as noted, if we are concerned about and believe in the possibility on a societal level of intergenerational justice, and the family model is not used as its basis, we must turn to some other model to justify justice, for example, to "good values" or the inherent sacredness of the individual or individuality.

But for any of these rationales, why stop at generation justice? Do not any of these justifications (family, society, individual, some value system) implicitly point to a larger intersegmental justice: a fuller justice that truly incorporates organically the old and young, rich and poor, male and female, black and white?

Justice and Values

The significance of values in directing how society confronts issues of intergenerational justice has been made on many occasions (Clark 1985). Intergenerational justice must be defined and operationalized with reference to a set of values. Values are always present, although they may not be stated. For example, as has been noted by many observers, the period that saw issues of intergenerational justice emerge in the United States was one characterized culturally by radical individualism and even narcissism—for the rich—and the promotion of family values for the rest, all at the expense of community values.

In my view, it is always best to state operating values clearly and to get them in the open. Many institutions and settings claim they are value neutral, but users or clients don't experience them this way. The users assign values and meanings to their experiences anyway. For example, there are clear values encoded in the assertion that seniors are ripping off younger generations just as there are in an assertion of the reality of beneficial generational interdependency.

And what about the relation of values to truth in intergenerational justice? Values appear to direct truth. Consider the following statements about the well-being, intergenerational relations, or income of the aged in the United States. It *is* true that in the last decade or so the income and assets of the aged have increased substantially. It *is* true that large pockets of poverty in later life continue to exist especially affecting women, minorities, urban residents, and the old-old; for example, assets of white elders average twelve times those of black elders. It *is* true that more opportunities exist for elders now than in the past. It *is* true that the percentage of elders within 125 percent of poverty has been virtually unchanged in the last two decades. It *is* true that children and grandchildren go to great lengths to care for needy and infirm elders and to preserve them from institutionalization. It *is* true that 20 percent of older people have no children and that 60 percent of those elders in the lowest income quintile live alone. It *is* true that elders utilize health care services disproportionately. It *is* true that we increasingly inhabit a two-tiered society. It *is* true that elders have much to teach others.

In these instances the truth is so complex that values, implicit or explicit, provide the only means of seeing through the complexity. Values suggest which elements of a complex truth are to be strategically used in presenting a case in the context of justice.

Chapter 9

Japan's Debates About An Aging Society: The Later Years in the Land of the Rising Sun

William W. Kelly

Introduction: Controversies of Equality

The last ten years have seen in United States a sharp, increasingly strident public debate on the escalating costs of public health care and Social Security, which some have cast in terms of "intergenerational equity" or "intergenerational justice." One of its early provocations was demographer Samuel Preston's address before the Population Association of America in 1984, which argued that "transfers from the working-age population to the elderly are also transfers away from children, since the working ages bear far more responsibility for childrearing than do the elderly" (Preston 1984c). It was apparently this controversial speech that inspired Senator David Durenberger and others to organize the Americans for Generational Equity (AGE), which has done much to frame public debate in terms of justice and equity between generations.[1] Two particular charges are common: there are (1) unfair burdens on present middle-aged cohorts of our social welfare programs, especially Social Security and Medicare/Medicaid and (2) bleak projections of the future (in)solvency of these programs and their eventual, unsustainable contributions/benefits ratio. At its harshest, these intergenerational equity debates pit resentful middle agers against indignant elderly.

To a Japan specialist like myself, this raises some interesting comparative questions. For twenty years, Japan has devoted enormous attention and considerable public resources to issues and problems of retirement, pensions, elder care, the aging process, national health insurance, and such. *Rōjin mondai*, the "problems of the elderly," is a common term with a clever syntax to cover the double-edged feelings of problems both suffered by and caused by the increasing cohorts of elderly. Nonetheless, it is striking that there is no equivalent to AGE in Japan (nor, for that matter, to AARP).[2] There have been no comparable debates about intergenerational equity or intergenerational justice in policy planning circles, the national media, or academic research. My essay takes this difference as its departure point. It aims to offer a comparative perspective—or perhaps a cross-cultural counterpoint—to the other chapters of this volume.

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[1] For a critical look at AGE and its ability to create the debate about generational equity, see Quadagno (1989a).

I hasten, at the outset, to dismiss several possible interpretations of the absence of debates in Japan about intergenerational justice. It would be quite wrong, for example, to attribute this to an ingrained Japanese predilection for avoiding conflict and preserving harmonious relations or to a lack of a tradition of "rights." Subordinate individuals and subaltern groups have struggled throughout Japanese history, albeit in idioms that might be culturally unfamiliar to us. It would be equally mistaken to link it to an enduring reverence for the elderly that prevents acknowledging younger relatives' frustrations and differences. Postwar popular culture offers many examples that disabuse us of such stereotypes. In 1947, for instance, the writer Fumio Niwa published *"Iyagarase no nenrei,"* a widely read short story about an eighty-six-year-old woman, Ume, who has outlived her own children and is being passed around callously by her granddaughters, who are forthright in their disregard for her as an irksome nuisance. The title itself, "the spiteful years," quickly became a popular, sarcastic reference to then elderly.[3] Several literary and cinematic versions of the folklore about Granny Dump Mountain have also been popular, including the international award-winning film, *Narayama bushi-kô (The Ballad of Narayama)*. While there is no evidence of such places in rural Japan, stories have long circulated about a mountain where one brings elderly parents to die when they have outlived their usefulness to the family. And finally, among the vast corpus of contemporary cartoons are those which poke rather pointed fun at the tribulations of elder care (see Figure 9-1).

A more persuasive approach than national character lies in articulating culturally distinctive conceptions of equity and justice. This is most evident in the work of sociologist Akiko Hashimoto, whose 1984 dissertation I regard as the best case study thus far of the lives of Japanese elderly and of Japanese elder care in comparative perspective. Hashimoto found the commitment to and coverage of public services and funding for the elderly to be fairly similar in Japan and the United States. There is, however, a clear ideological difference reflected in basic legislation like Japan's 1963 Law for the Welfare of the Aged (1963) and our

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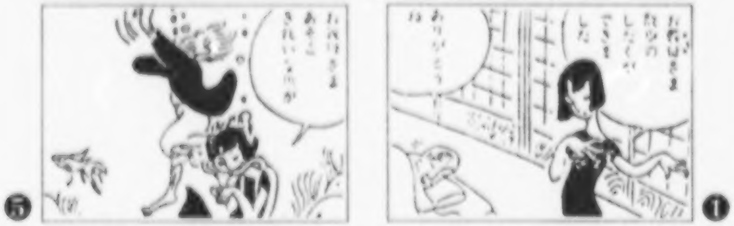
[2] There is a Japanese organization, founded in 1986, that has modeled itself on AARP as a nonprofit mutual benefit association for senior citizens. This is the Chôju Shakai Bunka Kyôkai, which initially adopted the English name "Well Aging Club"; this has been recently changed to the "Wonderful Aging Club." However with only about 10,000 dues-paying members in the late 1980s, it is a pale imitation of AARP.

[3] See Ivan Morris's (1956) English translation as "The Hateful Age." I prefer Plath's (1988a: 508) rendition of the title as "the spiteful years."

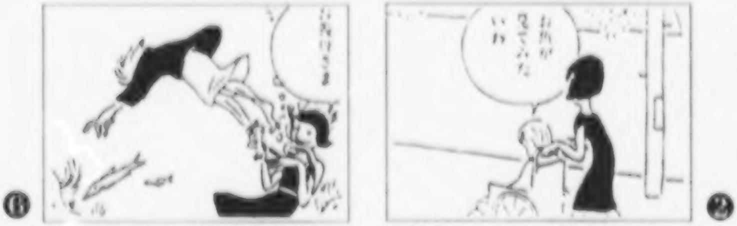
Figure 9-1: Japanese cartoon serial satirizing elder care

極 楽 町 一 丁 目 二 階 堂 正 宏


⑤
➊
おばあさま 散歩の したくが できま した
ありがとう ね
おばあさま あそこ きれいなお魚が

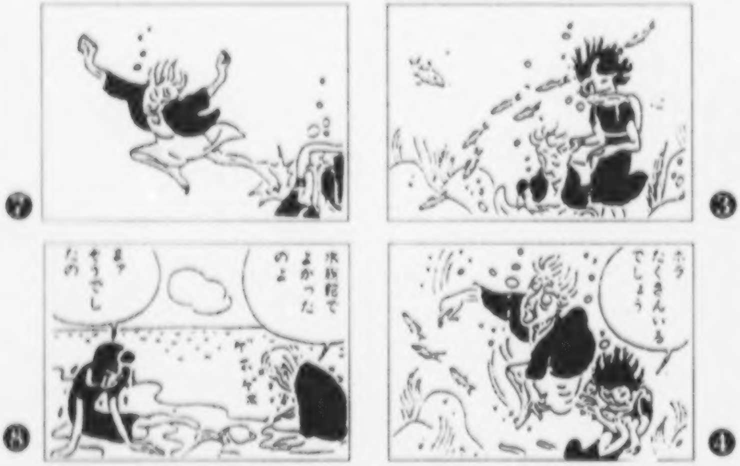
Daughter: *"Mother dear, we're ready for our walk."*
Mother: *"Oh, thank you."*

Daughter: *"Mother dear, over there! Some pretty fish....."*


⑥
➋
お魚が 見てみた いわ
おばあさま

Mother: *"I'd really like to see the fish."*

Daughter: *"Mother dear!"*


⑦
➌
⑧
➍
ホラ たくさんいる でしょう
水族館で よかった のよ
まァ そうでし たの
ゲホゲホ

Daughter: *"Look! There are so many, aren't there?."*

Mother: *"The aquarium was great!"*
Daughter: *"Well, I guess so...."*

Source: "Gokuraku-chō itchōme" by Nikaido Masahiro. Published by Shitaba Kai, Tokyo, Japan.

(I am indebted to Robert J. Smith for introducing me to this cartoon serial.)

Older Americans Act of 1965, which she characterized as the difference between "the Japanese focus of guarantee and the US emphasis on entitlement to independent life":

> *The dynamics of the American policy lie in the complexity of the ideology it seeks to embrace. The dilemma lies in the use of age as a criterion of allocating social resources, while at the same time there is a reluctance to consider age as a basis for recognizing social difference.* (Hashimoto 1984, 47)

Hashimoto's point is that American policy debates are rooted in considerations of equality and justice, and they therefore touch a deep ambivalence about the need for special treatment and equal treatment. Universalistic conceptions of rights deny natural inequalities—"old" people are not different from "young" people any more than "women" are not different from "men," or "Asian Americans" are not different from "Hispanic Americans." Justice demands equal treatment. At the same time, however, equal treatment requires equal opportunity, and equal opportunity sometimes requires special treatment. Thus, justice demands that the elderly both should and should not receive special treatment.[4]

Contemporary Japan, on the other hand, gives strong support to principles of age-grading and seniority, and this has modified the universalizing thrust of the post-World War II democratic reforms toward a "principle of compartmentalized equality." "Compartmentalized meritocracy in Japan," Hashimoto writes, "accepts the order of natural differences and confines competition to people who are equal within each biological class." (1984, 46) Age, even more than ethnicity or gender, is seen as a fair standard for differential consideration:

> *Age, unlike gender or race, is not a permanent characteristic attached to a set of people throughout life. Every young person moves on to take his or her turn in old age with time. It is fair because everyone ages. This appeals to the Japanese sense of justice.... Once old people are defined as a special class of people who do not stand on equal footing with the young, the task of old age policy may be a relatively straightforward one of promoting "welfare," rather than "welfare and justice."* (Hashimoto 1984, 48-49)

Japan, in short, emphasizes that "...the dignity of the old does not depend on the same conditions as the young, characterized by present activity, current social participation, and the continuing manifestation of independent resourcefulness." (Hashimoto 1984, 51) It is important to note the parallels here with what Norman Daniels elsewhere in this volume describes as a "prudential lifespan account of cross-generation justice." Both Japanese public policy and Daniels' principle stand in contrast to the complete-lives egalitarianism of Dennis McKerlie.

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[4] This ambivalence is also captured in several of the contributions to Neugarten (1982).

Hashimoto's argument goes some distance in explaining the lack of rancorous public debates across the generations in Japan. However, it moves directly from broad legal-philosophical formulations to specific public policies and social practices. In so doing, it short-circuits the particular historical experiences and institutional arrangements by which some values and conceptions ("culture") are given priority and plausibility. A full account would have to treat many such intervening variables, but there is one such historical factor—the moral valence of the current older generation in Japan—and one such institutional pattern—postwar governance by inclusion and coaptation—that deserve mention even in a brief essay.

Modern Japan has a special fascination for typologizing and stereotyping historical "generations."[5] The focal point of commentary in the postwar decades has been the so-called "*Shôwa* single-digit" generation—those born in the first nine years of the *Shôwa* era (that is, 1926-34). This cohort has become a departure and a measure for much of the subsequent generational talk, even more definitively than its rough U.S. equivalent, "the children of the Depression," has defined postwar America age grades. The single-digit ***Shôwas*** are the cohort whose childhood and youth spanned the "dark valley" of the Depression and the war; it is the generation that was old enough to have suffered but young enough not have inflicted suffering. It managed the psychological divide and social chaos in the war's aftermath, to become the bedrock of postwar recovery and boom.

In the early postwar decades, the single-digit *Shôwas* became, in the popular imagination, the "workaholic companymen" and the "education mamas," whose selfless efforts on behalf of corporation and children ensured present and future prosperity. Now in their sixties, this generation is graying into Japan's first "mass longevity" elders. They stand at the peak of an age-graded moral cline, by which judgments of the postwar population are often cohort stratified. Commentators wring their hands anxiously over the younger cohorts, among whom they find weakening social commitment and rising personal indulgence.[6] In short, the moral stature of this particular historical generation is extremely significant in mitigating resentment about escalating costs of an aging society.

A second important factor in understanding the absence of intergenerational justice debates in Japan has been the political and policymaking climate of the postwar decades, including the prestige enjoyed by the national ministerial bureaucracy and the social compact that has underwritten nearly four decades of political rule by the conservative Liberal Democratic Party (LDP). Postwar Japan is popularly characterized as a solid triumvirate of bureaucrats, LDP politicians, and major corporate leaders passively supported by a pliant and docile electorate, but this is doubly mistaken. The iron triangle is more like an isometric exercise machine (a metaphor I owe to Harvard historian Charles Maier). Diverging ministry plans, party priorities, and corporate interests ensure constant frictions and contradictory pushing and pulling. Moreover, the political support of the electorate for the congeries of factions that make up the LDP has kept the party sensitively attuned to constituent group needs. Many of the welfare initiatives of the 1970s directly addressed the concerns of the elderly (e.g., health care facilities, health insurance, pension reforms), and were instituted to shore up LDP support at a time when it was seriously challenged by opposition parties. Kent Calder has lucidly modeled the dynamic of "crisis and compensation" that underlies the fragile and negotiated political stability of postwar Japan:

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[5] As David Kertzer shows in this volume and in other publications, the concept of generation is seldom applied precisely and frequently confused with age cohort. The Japanese notion of *sedai* parallels our own American folk confusion. It can refer to generations within a family, to birth cohorts in the national population, and to "historical generations" in public media and popular talk. It is this third sense of the term that is so important in understanding the special statues of the present-day older Japanese.

> *Like developments in older policy areas, welfare spending represents another strategic broadening of the LDP's circle of compensation in response to periodic crises of confidence in the conservative political order which wrecked Japan during the 1950s, 1960s, and 1970s. This broadening occurred even though Japan has lacked the strong, institutionalized labor union role in policymaking that helped accelerate welfare spending across Western Europe from the 1930s on. But the distinctive Japanese conservative preemption of opposition demands in times of political crisis produced a parallel complex of welfare policies in Japan as well, before budgetary stringency and the waning of crises combined to stimulate their modification.* (Calder 1989, 351-352)[7]

The important point here is that whatever the character of politics within the LDP, the policies it has fashioned with national bureaucrats have been responsive to a wide range of groups. Through prolonged, organized agitations farmers, small business people, declining industry workers, regional populations,

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[6] For example, the second decade of Shōwa produced the *Shōwa futaketa* (the "two-digit *Shōwas*," although the term usually refers only to those born from the mid-1930s to the mid-1940s). Reaching middle age in the late 1960s and early 1970s, they have been to many commentators the *mai hōmu-gata*, home-oriented types, who nonetheless retain a commitment to the workplace, if only to secure the status and resources to enable a prosperous home. Of more dubious commitment are the "new family types: *(nyū famiri-gata)*, that is, the postwar baby boomers (of 1947-51), who are believed to be primarily concerned about a personal life-style and who lack any direct experience of the hardships prior to high-growth decades. To some commentators and analysts, the decline continued unabated with the children of the 1960s and 1970s (including the second "baby boomlet" of 1971-74). Much was made of the *shirake sedai*, the "reactionless" youth of the 1970s, who, it was despaired, lacked enthusiasm for everything, work and home. More recently, the *shinjinrui*, the "new breed" youth of the 1980s, have been alternately feted and feared for their misplaced, though voracious, consumer appetites. For further discussion, see Kelly (1992).

[7] The most important study of government policy for older Japanese is Campbell's How Policies Change: The Japanese Government and the Aging Society (1992).

pollution victims, working women, and others have all secured at least a modicum of benefits. The distribution has not been even, but it has been extensive, and it has gained for the LDP the coaptation of much of the voting population. Policies and benefits targeted for the elderly, then, are part of a larger political pattern that does not render them untouchable (witness the retrenchments of the 1980s), but does keep them from being singled out for controversy and attack.

Thus one must look beyond national character and broad philosophical orientations to interpretations that combine ideology, institutions, and history. Together these factors suggest why there is not, nor is there likely to be in the near term, the kinds of debates that raise the spector of intergenerational conflict. At the same time, we cannot take the absence of this particular debate to mean the absence of any public debates about obligations across generations and the shape of Japan as an aging society. Indeed, these are matters of great concern and considerable diversity of opinion in Japan, and my intent in the second half of this chapter is to introduce four such contentious issues about aging and the elderly in Japan.

Issue 1: Who Are the "Elderly" in an Aging Japanese Society?

As with many societies, historical conceptions of age and aging in Japan were both particular and generic. In the context of a stem family ideal—widespread in Japan since the seventeenth century—positional status defined relative authority. Males (and more uncommonly, females) moved up a ladder of roles—from child to unmarried youth to heir (or heir's spouse) to household head (or household head's spouse) to retirement as exhousehold head (or spouse) (and beyond, as one of the ancestors). The elderly were those who had progressed through the status ladder and were in retirement.

On a more universal level, one of the significant premodern calendars was a conjunction of ten- and twelve-year cycles, yielding folk notions that a sixty-year life was a complete life. The elderly were those who had led a full life, a cylindrical cycle; in their sixties, they could enjoy a second childhood, as it was often phrased. Various factors have undermined these notions, and the issue of who are the elderly in present-day society is one of little agreement and much concern. Retirement, of course, remains one common measure, although it is the workplace rather than the home front which stipulates retirement. And even here, the variation in retirement ages and the widespread practice of beginning a second career or postretirement job for another five to fifteen years has rendered "retired person" a problematical category for Japanese over age fifty-five.

What David Plath (1980) has talked about as "mass longevity" has significantly altered conceptions of the life cycle and its stages. Indeed, "life cycle" (or "life course") is one of several constructs that have gained much ideological force and sociological significance and have come to frame public debate in postwar Japan (the Japanese terms are adapted from the English, *raifu saikuru* and *raifu kôsu*). These terms gained currency in government circles and in the national media in the mid-1970s, and since then the "life course" has come to both reinforce and crosscut the generation talk mentioned above. "Life course studies" are now a thriving branch of academic research.[8] More important, the "life course" has become an influential rubric in several areas of political-economic policy as an instrument for regularizing people's thinking about normative behavior and decisions about life planning.

A major reason for the state attention to the "life cycle" by the mid-1970s was its new vision of Japan as an aging society *(kôreika shakai)* and its nightmare of escalating public entitlements. State ministries began increasingly to refer to the "life cycle" in widely circulated reports like the annual White Paper on National Livelihood. In particular, the official discussions came to identify an "eighty-year life span" *(jinsei hachijû-nen)* as a generalized schema for the population. This phrase has recently been popularized as a contemporary counterpart to the retrospectively labeled prewar "fifty-year life span."[9]

For the Japanese, like the populations of the rest of the industrialized world, living into one's fourth quarter of a century is now the statistical expectation, and much state concern focuses on how to (re)organize the third quarter—as, in fact, the *Shôwa* single-digit generation leads the society toward "mass longevity." As Pifer and Bronte (1986) and others have phrased it for the United States, an earlier population pyramid is becoming an upright rectangle (see Figure 9-2). Thus, the "eighty-year life span" rhetoric also aims to reformulate one's later years as part of national planning for an "aging society" (see Figure 9-3). Government policy initiatives have been designed to encourage a more active and independent old age (e.g., "self-care" programs, Silver Volunteers, etc.), and, for the disabled and the most senior elderly, to promote "home care" and continued privatization of caretaking responsibilities.

For Japan, talk about an aging society (or *kôreika shakai*) with a normative eighty-year life course began as preemptive rhetoric.[10] This attention to drawing

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[8] For a useful review of this Japanese scholarship and its Western referents, see Long (1984).

[9] David W. Plath discusses the public debates on life span in his "The Eighty-Year System" (1988b). A key document in the government's efforts to introduce "life cycle" planning was a 1975 government commission report edited by Yasusuke and Shichi (1975).

[10] "Aging society" became an official concern and media topic in mid-1970s, when Japan had youngest population profile of Organization for Economic Cooperation and Development (OECD) nations. It was taking the lead of the United Nations, which had defined an "aging society" as a country in which more than 7 percent of the population was over sixty-five (in 1970, Japan's over-sixty-five cohorts were 7.1 percent). Japan had already promulgated its Law for the Welfare of the Aged in 1963; it decreed 1973 to be Welfare Year One *(Fukushi gannen)*, and ten years later, an influential White Paper, the 1983 Annual Report on National Life, proclaimed three megatrends in Japan's immediate future: a maturing economy, an internationalizing polity, and an aging society. Again, see Plath's (1988a) discussion in "The Age of Silver."

Figure 9-2

Cohort distribution of the Japanese population in 1920, 1985, and 2025 (estimated).

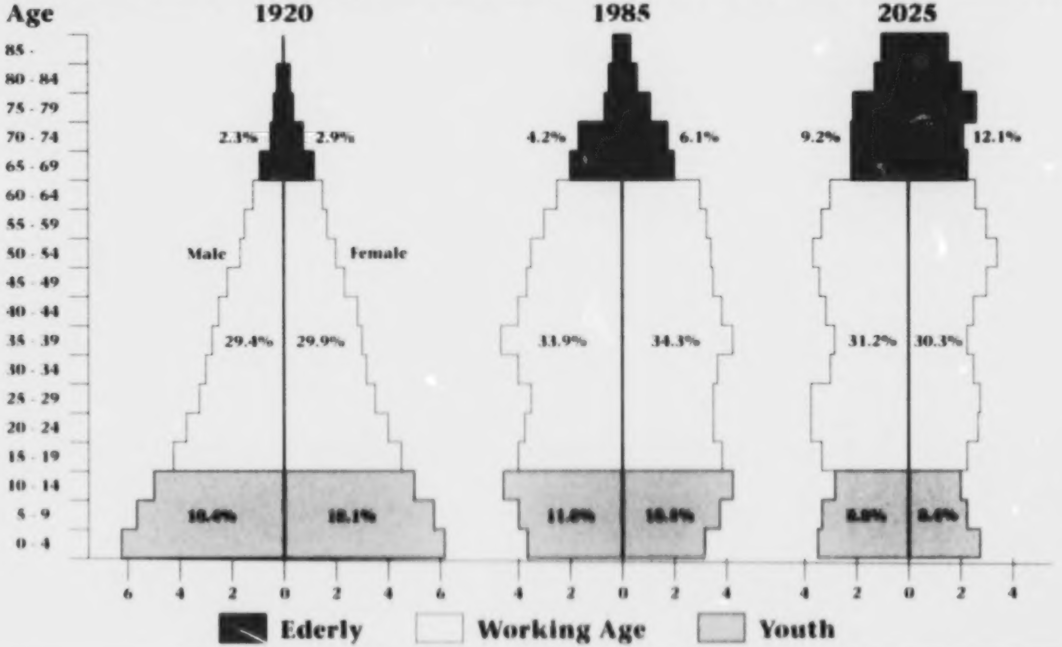
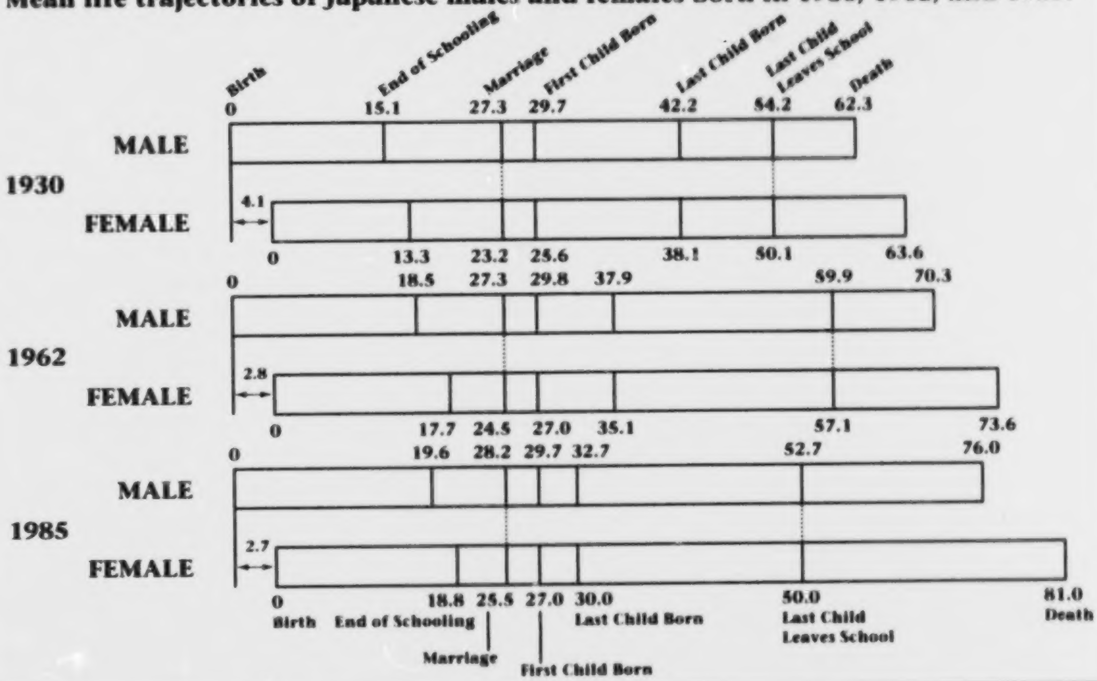


Figure 9-3

Mean life trajectories of Japanese males and females born in 1930, 1962, and 1985.



out and articulating a model "life span" has if anything increased confusion of just who are the "elderly." The conceptual debates have spawned several linguistic ploys. In a poll by the Hakuhodo Institute of Life and Learning (1987, 179), "urban seniors" overwhelmingly rejected such common terms as *rôjin* (the aged), *kôreisha* (senior citizens), *shirubâ jidai* ("silver" citizens), and *otoshiyori* (honorable elders) as terms of reference.[11] The only term they preferred was *jukunen,* a new compound meaning roughly "the years of maturity and ripening"! This had been selected from among 300,000 entries in a contest sponsored by the Ministry of Health and Welfare in 1983 to name the lifespan years, 45-65. In tandem with this, many Japanese have borrowed the English usage of "young-old" and "old-old" to discriminate more finely the decades of one's later years.

No doubt this growing ambiguity is common to all advanced industrial societies, where the elderly have become both more independent and more dependent. In Japan as elsewhere, they are both more healthy and more infirm, both better and worse off financially than earlier cohorts. The salience of chronology as a category and the coherence of cohort as an identity are challenged by the multiple trajectories of their members.

Issue 2: Who Is Responsible for One's Later Years?

We have seemingly contrary images of Japanese social attitudes and Japanese state policies toward the elderly. On the one hand, we are impressed that the society highlights certain social norms of respect for elders and feelings of responsibility for their well-being and care. Yet, on the other hand, we tend to believe that the postwar Japanese state provides the least-developed and worst-funded social welfare policies and programs of OECD countries. Rather, Japan has chosen to invest its enormous public resources in industrial growth, feeding the widespread criticism of a "rich Japan, poor Japanese," as a June 1990 CBS documentary put it several years ago.

Perhaps one might resolve this incongruity by referring to the Japanese government's own claim to be creating a "Japanese-style welfare state." By this, it means that private care remains primary and extensive, and public entitlements are merely supplemental and remedial. This offers the possibility of a generous interpretation or a cynical view of a state, willing to offer what is needed to back up obligations sincerely felt and responsibly acted upon by family members.

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[11] As Plath discusses in "The Age of Silver," the fad for "silver" as a term for senior citizens began in 1973 when Japan National Railways began to install "silver seats" on one of its main lines. The coining of "Englanese" words that sound fashionably foreign and up-to-date is a common practice in Japan. In this case, it offered a new, positively nuanced term in place of older, more laden terms. From silver seats, official talk and media generated a still burgeoning "silver" jargon: silver cards, silver corners (sections of department stores with items and services for the elderly), silver industries, silver sports (especially gateball, a fast and competitive version of croquet), and in-home silver care. In one of its assembly plants, Nissan is now experimenting a "silver line," which is heavily automated to permit recruitment of older workers. Erdman Palmore (1985) used *otoshiyori,* or honorable elders, as the title of his well-known book.

Still, neither image is entirely accurate. As I have suggested, popular representations of the elderly feature reverence and resentment in equal measure, and Japanese welfare expenditures rose dramatically through the 1970s to higher-than-mean OECD averages. In Japan the most strenuous debates are now not about the levels of public expenditures. Rather they have been joined around issues of social maintenance—of family care versus public elder care facilities like old age homes. What is to be the balance between individual responsibility, family care, community support, and state assistance—in frequency and type (economic, medical, social)? What do forms of care signify to the individual, to his or her family, and to society-at-large in terms of responsibility and dependency?

This, of course, is not unique to Japan. Welfare state growth in the West as well has been marked by the transposition of private matters to public policy. What were once the private relations and negotiations within the family have become national debates about public resources. Entitlement has become less a matter of individual circumstance and more a matter of categorical membership.[12] Still, there are two features that are distinctive about the present Japanese situation. The first is the relatively high rate of employment for Japanese men (and to a lesser extent, women) over age sixty-five, who both want to and have to keep working after mandatory retirement to remain financially independent. The second is the government efforts to promote three-generation families and to privatize elder care. This is statistically borne out: two of three Japanese over age sixty-five live with children (and two-thirds of those households also have their grandchildren), one of four live with their spouse, and only one of ten live alone. Thus, Japanese elderly live with children at four to five times the rate in United States and eight times the rate in Great Britain. Their roles include house caretaker, caring for grandchildren, cooking, housework, laundry, and such.

These two features are seemingly at cross purposes, or perhaps could be better interpreted as the patterns of the young-old and the old-old. That is, the former reflects the need to supplement limited pension income and the desire to remain financially independent of children. The latter reflects the lack of public and private sector long-term care facilities and the legal and ideological presumptions of family responsibility. Together, though, they have kept the burden of responsibility on individual and family means, only backed up by public facilities and resources. Yet neither independent living nor family care is accomplished easily, and both test the often subtle distinctions between preference and necessity and the varying perspectives of the younger and older generations. The debates that flare up around the "intimate politics of co-residence" (another of Plath's phrases) much more frequently concern social relations than financial abilities.

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[12] For instance, scholars and policy planners in both Japan and the West now talk of a "dependency ration" for their national populations, although its specifications are unclear. Beyond a simple ratio of taxpayers to benefit recipients in national pension schemes, the concept of dependency founders. How dependent? How sudden or how prolonged is the transition from independence to dependence? Can one be both dependent and dependable?

Issue 3: The Medicalization of "Elderly Problems"

Postwar Japan has been one of the most enthusiastic players in what David Plath once tagged the "Aging Olympics" (Plath 1988a; see also Kiefer 1987). The postwar state took up health care as a legitimate and popular policy aim, and health statistics were given wide publicity in domestic political and international arenas. Much national prestige has been invested in population longevity figures, which became, with gross national product and "middle-class consciousness," one of Japan's three statistical jewels.

Its success bred a familiar dilemma, as attention shifted from acute illnesses, more easily and successfully controlled by advancing medical technology, to more intractable chronic illness. Again, publicity of medical advances, government subsidies of free care, and use of the health system were mutually affirming. After free health care was provided to seniors in 1973, their doctor visits almost immediately doubled, their medical bills increased 300 percent within four years. Even after the very modest limits placed in the mid-1980s, about one-quarter of the hospitalized population is over age seventy, and average hospitalization is much longer than in United States (eighty-eight days versus eleven days).

As in the United States, Japanese officials have called for what Steslicke has termed a "public health" policy that emphasizes preventive care programs, deinstitutionalization and home care, and stronger local health care nexuses (rehabilitation programs, recuperative clinics, and in-home public services like Meals-On-Wheels). Kiefer is pessimistic, believing that significant changes in attitudes and institutions are required. The whole notion of health and illness must be reconceived; for example, sickness may be terrifying and tragic in the form of acute illnesses, but that is hardly helpful in cases of more chronic illness. Health care professionals in Japan must rethink their roles as well. The doctor can no longer see himself as a "god" of occasional "heroic intervention," but as a more constant and prosaic manager; nurses for their part must be able to relate better to patients' families. Other professionals like physical therapists must define a more interventionist, directive role than the more traditional caretaker role (Kiefer 1987).

The bedridden *(nettakiri)* are a matter of serious public debate in Japan, but the problem is often a product of the cultural matrix of caring. Stroke is the leading disabling illness, and for this illness especially, prolonged bed rest is highly counterproductive. Yet as Kiefer (1987) astutely describes, the most culturally rewarding pattern of caretaker-patient is based on active nurturing and helpless passivity, by which the dedicated, stoic caretaker actively makes the dependent patient comfortable. In such a relationship, rehabilitation is difficult because it must often force the patient into uncomfortable, even painful, actions against his or her will.

Issue 4: Gender and Elder Care—Must Women Be the Caregivers?

Even more than in the United States, care for those elderly who cannot care for themselves is overwhelmingly treated as the responsibility of a female relative. Indeed, the major concern of women over age forty in Japan is aging—not their own, but that of their parents, their parents-in-law, and their husband. It is often said that women experience three old ages: in her fifties, she must care for her parents (and/or her spouse's parents); in her sixties and seventies, she must care for her husband; and in her seventies and eighties, she must finally care for herself.

These burdens engender increasingly outspoken frustrations. An official of the Japan Federation of Middle-Aged and Elderly Citizens commented on its emergency telephone hot line service:

> *The calls we get from wives are predominantly gripes rather than requests for advice. Typical of the endless complaints are "I admired my husband while he was still working. I can't believe he's the same person now. He's always poking his nose into the kitchen and even tries to tell me how to do the tiniest household chores. I didn't realize he was so small-minded. No wonder he didn't get to be an executive.* (Natsuki 1981)

These responsibilities have never been easy, and they are only exacerbated by the factors discussed above, including mass longevity, state efforts to keep primary care a family responsibility, and more nuclear households. Moreover, three additional factors have heightened the anger and anxieties of men and women of all generations. One is rising female work-force participation, now well over 50 percent for all married women and some 70 percent for women in their forties. This ensures that a substantial number will face the dilemma of Akiko, the young middle-aged woman in *The Twilight Years* (Ariyoshi 1984), one of postwar Japan's best-selling novels.[13] Akiko was pressured by her family to quit her legal secretary position to care for her father-in-law when he became senile. She remains a symbol in the popular imagination for the onerous responsibilities of caretaking that fall almost entirely on women.

A second trend is the rising age of marriage. Of women between twenty and twenty-four years old, 85 percent remained unmarried as of 1990, compared with the corresponding figure of 69.2 percent in 1975. In 1990 40.2 percent of women between twenty-five and thirty were unmarried—almost twice the figure of 20.9 percent in 1975. Although it is difficult to assess the causes, most commentators attribute this to many women's increasing desire to delay marriage (see, for example, Iwao 1992). The third related phenomenon is the declining birth rate, which fell to 1.53 in 1989 and prompted much chauvinistic handwringing by (male) bureaucrats about female obligations and maternal urges.

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[13] The original Japanese novel, *Kōkotsu no hito*, appeared in 1972 and remains in print.

There are several reasons commonly cited for these quite consequential changes. Among the most frequently mentioned, though, is women's concern about elder care and the unpleasant choices with which married women can expect to be confronted in late middle age. In *The Twilight Years*, Akiko accepts her caretaking with doleful resignation, and by the novel's end, expresses satisfaction with the nurturing role she played in her father-in-law's last days. Twenty years later, she remains a sympathetic figure, but skepticism about such quiet resignation is strong among younger women.

In short, for Japan as a self-designated aging society, the increasingly public tensions between the genders are of much greater potential significance than those between the generations. Japan has far larger and more assertive women's organizations than national associations for (or against, as with AGE) older citizens. It is likely that future public policies and programs for older Japanese must accommodate the private choices that individual women are now making about marriage and children as much as the policies must reflect the needs of the burgeoning population of older Japanese themselves.

Chapter 10

Discussions

Sociological Perspectives on Intergenerational Justice: Comment on Bengtson and Murray

Anne Foner

Bengtson and Murray offer a feast of issues for discussion in their chapter "'Justice' Across Generations (and Cohorts): Sociological Perspectives on the Life Course and Reciprocities Over Time." My discussion will focus on public policy aspects of intergenerational justice. It will take off on a key point Bengtson and Murray make: the importance of conceptual clarity in the analysis of age-related phenomena. In elaborating just a few of the conceptual issues raised by Bengtson and Murray, I want to emphasize that full understanding of the public issues concerning justice across generations, particularly worries about the postulated present and future age inequalities, requires a thorough analysis of the complex dimensions involved in age-related issues. Failure to pay attention to and explore in depth all these age-related dimensions can muddy the debate over the issues of intergenerational justice.

Conceptual Preliminaries

Two central dimensions of age-related phenomena are key to the analysis of the problem of intergenerational justice: the level of analysis, micro or macro; and the temporal dimension, synchronic or diachronic. Taken together these two dimensions yield four categories—all relevant in the debate about private and public programs for the old. Let us consider briefly each of these categories and issues relevant to the theme of intergenerational justice.

First, at the micro level at any given period the focus is on individuals and their primary relationships. A key question here regards the impact of private and public policies concerning the old on individuals of all ages and on their relationships with people their own age and with age dissimilars. For example, how do such primary relationships affect people's attitudes toward public policies?

Second, at the macro level at any one time we focus on two elements: the societywide system of age strata, each made up of individuals of similar age and with similar age-related roles; and the age grading of societal institutions. A focus on these macro level facets of the age structure leads to a number of questions: At any given time, what is the relative standing of each stratum with regard to the share of social goods available to its members? What is the potential for solidarity or conflict across strata on the issues at hand? What are the consequences of public and private policies on societywide institutions, with their explicit or implicit age grading? How are policies concerning the old affected by the intersection of the age stratification system with other forms of social stratification?

Third, concerning age dynamisms, at the micro level our attention must be on the whole life course of individuals as they proceed from birth to death. Some questions of interest in this regard are how are younger and mature adults oriented to their future as old people; how are people's later years affected by their behavior at earlier points in the life course; what are the implications for public attitudes toward old age programs of people's lifetime experiences or of their looking ahead to their later years?

Fourth, at the macro level, it is important to explore the changing social, economic, and political context as it affects the succession of cohorts, each of whose members grow up, mature, and grow older through a unique segment of history. A particular issue in this regard concerns the economic and political consequences of the different size of successive cohorts.

Turning to specific issues before the public, let us see to what extent these four elements are considered in the controversies about intergenerational justice.

Pensions: Who Benefits?

One argument about intergenerational justice is that older people in the United States today are better off economically than those in younger age strata in large part because the old receive a disproportionate share of public largess. Note that framed in this way, the formulation focuses on the macro level and on inequalities in the current period. In my view this formulation presents a one-sided picture. It passes over the indirect benefits of public pension programs to people of all ages: at the macro level, to societywide institutions and at the micro level, to individuals under sixty-five.

Pensions and Labor Supply

Consider first the way pension programs can benefit various societal institutions. As Myles (1988) and Graebner (1980), among others have argued, pension policies offer a means to manage labor supply. Lowering the age for pension eligibility is a socially acceptable mechanism for dealing with unemployment, as it encourages older workers to leave the labor force. Alternatively, raising the eligibility age for receiving full pension benefits can serve to keep older workers in the work force at times of or in anticipation of labor shortages. The establishment of Social Security in the period of the Great Depression is a case in point. At that time, receipt of Social Security benefits was contingent on complete retirement from the work force. In the early years of Social Security, no benefits could be allocated to anyone receiving any covered wages from regular employment (Schulz 1988), a rule clearly aimed at keeping older workers out of the labor force. Since then a variety of changes in Social Security policies have been made that also have implications for labor supply. Retirement at age sixty-two with actuarily reduced benefits was enacted in 1956 for women and 1961 for men, legislation that encouraged early retirement. More recently, in 1983, legislation was enacted which apparently was meant to encourage older workers' continued participation in the labor force; it allowed increased benefit credit for remaining in the labor force past age sixty-five (Quinn et al. 1990).

Private pension systems—which are quasi-public since they are allowed important tax exemptions—also use pension policies to manage labor supply. One method private firms and other employing organizations use is to offer extra pension credit or other inducements to older workers to retire. These policies also provide a socially acceptable way to cut a firm's work force and skim off relatively highly paid employees.

In manipulating processes that deal in some broad sense with social replacement, pension policies thus affect the whole economy; they also often benefit the particular interests of business. But here I want to elaborate a point that Bengston and Murray allude to: the way the intergenerational justice issue is typically framed—that is, in terms of age-based interests and age conflicts—obscures the class interests that are involved.

Class Interests in Pension Policies

The relevance of class interests in shaping pension policies has long been discussed with regard to the origin of pension policies. A considerable literature has debated the relative importance of a variety of factors that have shaped pension policies, such as the organization of administrative and state organs, the influence of welfare capitalists, the demographic age structure, or working class organization (see, for example, Esping-Anderson 1990; Pampel and Williamsom 1985; Quadagno 1984; Skocpol and Ikenberry 1983). Whatever the forces involved in fashioning pension policies in the United States and elsewhere, the building and strengthening of the Social Security program in the United States can be said to have been ultimately a victory for labor as it removed a segment of workers from the free play of market forces (cf. Myles 1990).

Many of the recent proposals to circumscribe the program would, as Quadagno (1989a) argues, in effect make it more of a poverty than a universal program, as it is currently. And while the explicit rationale of these proposals has typically been made on the basis of fairness to all age groupings, the likely outcome would operate against the interests of labor.

Consider such proposed changes as raising the retirement age and recommendations that would in effect reduce pension benefits or that would cut off coverage and benefits for certain segments of the population. One result that can be predicted with confidence would be increased labor force participation of older people—at first glance, not an undesirable outcome. However, weakening the Social Security program might well undermine the right not to work in one's later years, an important right particularly for those who have labored in onerous jobs for thirty or forty years. Further, as Quadagno (1989a) points out, given changes in the occupational structure, most of the jobs available to the old would be in the service sector, paying relatively low wages. Already data indicate that on the average older workers going into new jobs take jobs at lower skill levels, lower pay, and with less autonomy than previous jobs (Quinn et al. 1990). Moreover, an ample supply of older workers willing to work in low wage/low skill occupations would provide competition to younger workers and operate to keep wages low. In short, apparently benign proposals to change the Social Security program could have negative consequences for workers of all ages.

It is not surprising that many business interests have been behind—and labor organizations opposed to—proposals to circumscribe the Social Security program. Indeed, the proposals to curtail Social Security have evoked more class discord than friction among age strata. For example, national surveys show that people of all ages are opposed to any changes that would weaken the Social Security system (Cook 1990; Quadagno 1989a). And it is noteworthy that organizations calling for so-called generational equity have concentrated their proposals on modifying the Social Security program, but have not devoted efforts to support programs for the children they say are being shortchanged. Many old age organizations, in contrast, have joined in efforts to help children and to unite generations. It is in this sense that the issue of intergenerational justice is a class rather than an age issue; whereas business and labor take opposing stands on the status of the Social Security program, individuals of all ages and organizations representing the full range of age groupings in society support policies to maintain support both for the young and the old.

Pensions and Micro Level Consequences

In Bengtson and Murray's discussion of the microsocial level, they suggest that issues at this level primarily concern private resource flows, social support, and help exchanges and that love and guilt influence such behaviors. Certainly. But here I want to suggest that micro level concerns also touch on attitudes toward public resource allocation. We need not invoke emotions such as love and guilt to understand why younger adults support public programs for the old at what appear to be substantial financial cost to themselves. That is, it is in the self-interest of younger adults to support the existing Social Security program. In the family, pension programs underpin the independence of older members and thus free younger adults of responsibility that would otherwise be economically and often emotionally difficult. In the workplace, policies that induce older workers to retire open up slots for younger workers to be hired and promoted. In such ways adults under sixty-five can perceive immediate benefits to themselves from a program for the elderly. It is the failure to consider such benefits as well as to take into account the primary relationships of individuals under sixty-five with the old that has led to overblown predictions of age conflicts throughout society today. To be sure, the past may not predict the future; some have argued that it is in the early decades of the next century that we will see conditions ripe for age conflicts.

Age Inequalities in the Future

What then about such predictions for the future? A major concern about coming years is that people who are of working age today will not get "theirs" when they retire. Certainly the implicit principle underlying this prediction is valid: Successive cohorts do have different experiences in their later years. People who will be old in the next century will differ in important ways from those who are old today. But cohorts differ not only in their later years, they differ also in their whole life trajectories, in their exposure to political, social, and economic circumstances.

That means that the economic status of the future old will be in part influenced by their earlier history of jobs, savings, economic burdens and the like. In this regard, Easterlin, Macdonald, and Macunovich (1990) show that the Baby Boom cohorts have already made decisions that serve to shore up their economic well-being now and in the future: marrying later, having fewer children, and institutionalizing two earner families. They are reducing their lifetime costs and increasing their earnings, as compared to previous cohorts.

Another concern about the future is that given the small size of the working-age population relative to the older population, in the coming decades younger adults will resist accepting the heavy burden they are expected to bear in financing the pensions of the old in the next century. While it is likely that payroll taxes to support the Social Security Program in the future will rise, whether working-age adults will rebel and turn against older people is an open question. After all, predictions about intergenerational conflicts have been made even in the past dozen years. Yet so far no societywide age-based conflicts over issues of economic justice between generations have materialized (Foner 1974; Foner 1981). More recently, as Bengtson and Murray's initial summary of a 1990 AARP survey indicates, there is little evidence of perceived conflicts between age groups on broadly defined economic issues. Regarding the Social Security program specifically, as noted above, national surveys continue to find considerable support for Social Security among people of all ages. Not only do younger adults derive benefits from this program now. Another factor is that younger adults, particularly in the working class where many will have few, if any, other sources of retirement income, want to shore up the system so that they can be assured of benefits when they retire.

Cohort Size

In a broader sense the prediction about the burdens on future cohorts ignores another aspect of the flow of cohorts. It is true that small cohorts bear a special burden when they must pay the pensions of large cohorts of old people who precede them, but as Easterlin (1980) and Myles (1988) note, small cohorts benefit from their small numbers as well. Members of small cohorts face less competition within the cohort for the openings left by the earlier and larger cohorts.

We have only to be reminded of the exigencies faced by the large Baby Boom cohorts as they proceeded from birth to adulthood: crowded hospitals when they were born, large classes in crowded schools, parents' attention divided among many siblings, competition to get into college, competition for jobs, and for the women a marriage squeeze with too few potential marital partners who are the "right" age. For smaller cohorts there is less competition for space in colleges, less competition for parental resources, and greater potential for promotions in the labor force (Waring 1975).

Of course, it is risky to predict the future. But failure to consider important dimensions of this age-related issue may well apply to the future as well as the present. This failure has led to exaggerated claims about the unfairness of present public policies for the old. Focusing only on direct public allocations to the old ignores the indirect benefits of these programs to younger adults at both macro and micro levels. Framing the issue in terms of age-related interests only ignores the class interests at work. Emphasizing the burden that small cohorts bear in paying for the larger cohorts who precede them ignores the benefits small cohorts gain from reduced within-cohort competition. Predicting the status of future cohorts as passive victims of demographic and economic forces ignores the fact that these cohort members are active agents in their own destiny as they confront a changing society.

Finally, a few words about the question of fairness and what we mean by "justice." Inequalities, whether based on age, class, gender, or race, are pervasive in all societies. But only some inequalities are perceived as unfair, as inequities, while others are legitimated. In the United States we tolerate, and even justify, class, gender, and race inequalities that are far greater than present or predicted age equalities. In our discussions of age inequality, it is important for scholars to place the issue against the background of all forms of inequality in society.

Equity and Distributive Justice Across Age Cohorts—
A Life-Course Family Perspective: Comment on Bengtson and Murray

James S. Jackson and Jyotsna Kalavar

Introduction

Bengtson and Murray make several major points in their thorough chapter. We briefly summarize these points since they provide the stimulus for a set of concerns that we address in our comments of their chapter. (1) They explicitly recognize the existence of a social contract among generations and place the meaning of this contract within a life-course framework. Several other authors, notably Daniels and Kotlikoff (this volume) also assume the importance of a life-course framework, but lack some of the theoretical underpinnings provided by Bengtson and Murray. (2) They define the meaning of major terms (Moon also makes this point in this volume). There has been a great deal of confusion over the terms used in the intergenerational justice discussion—equity versus equality; justice and distributive justice; cohort, lineage, and generation are among the terms used freely and often not well explicated. The paper explicitly defines the meaning of equity, equality, justice, and cohort; the various meanings of generation and the individual and group life-course. (3) They discuss the issue of the meaning of generational conflict in the context of class, race, and gender considerations. (similar to Achenbaum and Daniels' chapter in this volume). (4) Bengtson and Murray recognize the existence of a macro- and a micro- or family lineage, environment, and attempt to note their interconnections. (5) They review data from a recent American Association of Retired Persons national survey (Harootyan 1991) and a long-term longitudinal multilineage generation study which demonstrate considerable reciprocity and similarity of old-age policy preferences across different age cohorts and within lineages. (6) Finally, Bengtson and Murray explicitly attempt to connect the existence of the cross-cohort social contract to public policy and the political agenda.

Equity and Distributive Justice

How does one allocate society's resources between individuals of competing various age groups? How is this done in a fair manner with consideration for a "reasonable" allocation across age and cohort generations? The aging of the population includes both an increase in the proportion of older people in the general population, as well as an increase in the average age of those considered elderly. The rapid "graying of society" has brought some of these issues into the forefront for public concern and debate.

Concerns about equity between age groups is a prominent theme among social scientists and policymakers. Historically, there was a commitment made at the family level, where division of resources among family members was a family decision, decisions that carried elements of filial obligations (Daniel 1988). To a large extent this has become a policy issue, since society began distributing certain goods and services based upon age criteria.

In their thoughtful chapter, Bengtson and Murray describe how "equity" considerations between age groups is a relatively new development of the latter part of the twentieth century, though not unknown in earlier periods (see Achenbaum, this volume). They allude to the trends of changing demographics, societywide welfare provisions for individuals, and the psychosocial and economic consequences of population aging. We would have liked to have seen more in-depth treatment of the fact that as society's resources become limited and strained (not necessarily only as a consequence of population aging), there is a heightened sense of awareness of how resources are being distributed in general (see Moon, this volume). Society inevitably begins to take note of the relative status of one group of individuals versus another. And often the resources allocated to a specific age group become a convenient scapegoat for the problem (Binstock 1983).

As noted by Bengtson and Murray, the meaning of generational conflict needs to be examined in a larger context. Instead of viewing the distribution of public goods as an "age war," one should consider the growing disparities between members of society based upon class, race, and gender cleavages. As pointed out by others (e.g., Achenbaum and Daniels, this volume), intra- and intergenerational (i.e., age-cohort) inequalities will persist to some extent. There is cause for alarm as long as such differences are perceived in intergenerational terms alone. These issues are better understood as a matter of racial, ethnic, class, and gender inequalities than as one of age inequity.

Among social scientists, there is the tendency to think about equity between generations in a contemporaneous manner, as an issue pertaining to today's young and today's old (Daniels 1988; this volume). Aging is a universal experience that inevitably affects everyone; it is not long before today's young become tomorrow's old. Often this larger picture of intra-individual and intracohort aging is lost and there is a focus on the more immediate question, "Will my cohort fare as well as the previous one?" Thus, as argued by Bengtson and Murray, there is a need for a societal focus that spans cohorts and historical time.

One cannot, however, neglect differences in experiences and opportunities that are bound to exist among separate birth cohorts. Driven by demographics, individuals of the same cohort may occupy different lineage positions in different family structures. Due to delayed childbearing, for example, a grandparent and great-grandparent of different family lineages may belong to the same birth cohort. The roles and expectations attached to these positions are then vastly different for varying members of the same birth cohort. Conversely, individuals occupying similar lineage positions in different family structures may belong to different cohorts. In this case, two individuals of a similar birth cohort may hold grandparent or great-grandparent status in different family lineages. It may be more useful to focus on examining generational relations among family lineages, rather than focusing on birth cohorts alone.

As described by Bengtson and Murray, changing patterns of fertility, mortality, and life expectancy have had a profound impact on the structure of the family. This "verticalization" of the family structure, as they refer to it, includes an increase in the size of the lineage within the family system and a decrease in the number of members within each generation. This clearly limits the amount of intragenerational support individuals receive at their specific lineage position. Consequently, this will result in fewer people shouldering greater responsibility; this will impact their roles, the quality of intergenerational support, and the set of norms that Bengtson and Murray identify as geriatric dependencies. On the other hand, with verticalization of the family structure, there will be more people in different generational cohort positions to which individuals can potentially turn for support.

In addition to the effect of "verticalization" of the family structure, these demographic changes have also created a two-tier hierarchy of young-old (65+) and old-old (85+). The impact of greater levels of increased age in the larger numbers of contemporaneous lineage positions needs to be closely examined. Do several generations of adults in one family translate to increased support available? Or, will we see more of a downward flow of goods and services transfers? Does the decreasing number of children and grandchildren competing for available resources mean more access to family resources?

Intergenerational transfers are not only public in nature; there are various types of transfers that commonly occur within the family system. Transfers that take place within the family system, whatever the direction, carry the underlying notion of intergenerational equity. This is a means by which the economic well-being of parents and children are brought into some type of balance. It is important, then, to consider the issue of intergenerational justice or equity within the context of the family system.

Bengtson and Murray explicitly acknowledge the existence of a social contract between age cohorts within a life-course framework. In examining demographic trends in American society, the changing composition of the American population stands clear. With the increasing number of minorities, greater diversity in cultural backgrounds, and differences in attitudes toward filial and familial obligations, one would expect considerable intragenerational variation regarding the nature and strength of the social contract.

Intergenerational Family as the Unit of Analysis

As a social institution with economic objectives, the family is organized, involves blood ties, and exists within historical time. The family can be of various sizes and its structure and functioning is conditioned by social, cultural, racial, and ethnic factors. Cohorts—that is, individuals sharing a common birth experience—are connected integrally through these family relationships across various different lineage positions.

There exists a structural relationship between older people who are well off or not and people in lower generational positions, including children, who are well off or not. Poor children do not routinely reside in rich families, a point also made by Moon in this volume. The fact is that inequality between age groups must, by definition, be swamped by inequality among families. Thus, it becomes apparent that class-based differences make an important contribution to what seemingly appear as intergenerational inequities.

Families are social, economic, and psychological units; each of these units has many tasks. Economic accounting systems of whatever sort should follow the social and psychological realities of family organizations and family mobility over time. Our understanding of their functioning should be determined by appropriate economic, social, and psychological analyses (Moon addresses the limited economic definition issue). What does using the family as the unit of analysis do for understanding issues of intergenerational equity? For one thing, it addresses the issue of individual versus group justice. An individual-level analysis, which examines differences across so-called generations (or age cohorts), cannot account for group-based intergenerational family differences.

The second reason for using the family as the unit of analysis is that it addresses the issue of how cohorts identify their common interests. Without some notion of linkages, it becomes impossible to understand the common denominator in groups identifying interests among similar age cohorts. A third reason is that we have documented evidence of fraternization and altruism for others in different cohort positions (Antonucci and Jackson 1989). If group-based interests defined by age are so strong, it is very difficult to account for such altruistic relationships across those particular age boundaries. Instead, if we postulate families as being the major mediating structures across age cohorts in the lineage manner described earlier, then we can account for what, on the surface, appears to be a set of inexplicable behaviors.

Finally, given the intergenerational family as the unit of analysis, we can propose motivational models of behavior, rather than those simply employing narrow considerations of rational choice. Our contention, and that of Bengtson and Murray as well, is that people don't make individual maximizing choices in isolation, whether in consumption or in allocation of resources. Such decisions are made within the family context. Decisions about whether to secure health insurance or whether to place grandma in a nursing home, for example, are decisions made within the family context. The interdependence of generations, both in social and economic terms, raises critical questions about the nature and role of reciprocity between children and their parents. Rather than viewing it as time bound, such interdependence must be viewed across the life span, encompassing social interactions over the life cycle. Even at the micro level, a life-span perspective is important for understanding intergenerational transfers.

Mechanisms of Intergenerational Exchange

A large proportion of the elderly are cared for within the family setting by family members (Cantor and Hirshorn 1989). There is tremendous diversity, however, in expressions of filial obligations by family members. Cantor and Hirshorn (1989) hypothesized that families with high levels of solidarity are more likely to respect the needs of older family members. Expressions of filial obligations are influenced by norms, attitudes, and values prevalent both at the familial and broader societal level. The notion that children have an obligation to older family members is widely accepted and an internalized value to varying degrees. Families differ greatly in organization, values, beliefs, and objectives as a function of class, position, cultural background, racial, and ethnic factors.

There is a growing body of literature highlighting the impact of race and ethnicity relating to filial and familial responsibility (Bengtson et al. 1981; Jackson et al. 1990). The well-publicized close connections among Mexican-American families or the resilient filial piety which exists among Asian-American and African-American families are examples. Most studies indicate that the flow of assistance between generations is bidirectional. Recent research involving younger, more affluent elderly even suggests that they may actually give more than they receive in return (Cantor and Brook 1986; Daniels 1987). Similarly, Cheal (1988) pointed out the importance of increasing voluntary transfers from elderly people to younger age groups. Little attention is paid to downward transfers across family generations.

Thus, some family members may make tremendous economic sacrifices early in the lifecourse, which cannot be accounted for by any rational choice theory, in the hopes of gaining something later in the lifecourse from other family members. As suggested by Bengtson and Murray it may be that reciprocity is the major motivating factor, one that may undergird this entire process so that the norm of reciprocity, which has been shown to exist across cultures as well as across families, may indeed provide one of the major motivating factors that allows for the kinds of exchanges across generations which we describe

(Antonucci and Jackson 1989).

Families also permit lifetime accounting systems to operate. Antonucci and Jackson (1989) linked the concept of reciprocity with successful aging. They emphasized that the norm of reciprocity affects how the individual accepts, provides, and perceives the exchanges of social support. They have postulated the notion of a resource bank that incorporates a life-course perspective and the notion of reciprocity. A resource bank is an accounting system in which people pay in when they are younger and draw out when they are older. This resource bank permits exchanges of both tangible and intangible resources. It allows for the putting in of tangible resources and drawing out of intangible ones. This concept refers to a psychological process, a cognitive activity, whereby individuals continually monitor their support exchanges and develop a support reserve that they can draw at a future time of need.

This approach cannot work outside of the family context, which is indeed held together by various forms of obligation, solidarity, and affection—what Bengtson and Murray refer to as guilt and love. This same theme permeates the cultural analyses of Wechsler and Kelly (this volume). In fact, Rubinstein (this volume) reminds us of the cross-cultural similarities and differences in issues of age-cohort cooperation and competition. We emphasize the importance of family structure and family processes as the major glue across age cohorts. These processes may account for what on the surface appear to be irrational sharing behaviors at one point in the individual lifecourse, but are actually accounted for by occurrences at later points in the same lifecourse.

Unfortunately, families have had to suffer with policies and programs that do not address family needs. In this country we have lacked a coherent set of family policies designed to be of assistance across generations. In our research we have found tremendous racial and ethnic differences in such things as the sharing of Social Security income across generations, in family decisions in how to meet Medicaid requirements for such things as long-term care, or, also, how Aid to Families With Dependent Children may indeed be used to provide support for family members in a number of different lineage positions. On the other hand, our analyses of the National Survey of Black Americans data (Jackson 1991) show the same lack of age-cohort conflict as Bengtson and Murray reveal in their chapter, using data from a recent AARP survey (Harootyan 1991) and Bengtson's (Bengtson and Roberts 1991) ongoing longitudinal, multigenerational lineage study.

Using a rough age dichotomy (eighteen to fifty-four and fifty-five years and above), we examined how opinions and attitudes may differ among different age groups within the black community. Much speculation has focused on intergenerational conflict among whites and how this conflict may be played out among blacks as well. Prior work on our three-generation data (Jackson and Hatchett 1986) do not demonstrate strong support for intergenerational conflict.

Our data show that older blacks are still more likely than younger blacks to agree that older people are happier around people their own age. Younger blacks are twice as likely as older ones to disagree with this statement. When asked if more elderly should live in senior citizen housing, older blacks are more likely to agree and younger blacks are more likely to disagree. When asked about whether the government should help pay for the housing of all or only poor elders, nearly 70 percent of respondents indicated only for poor elders.

In a related question, when asked if elderly people should stay with their family members rather than in nursing homes, there were absolutely no differences by age. The overwhelmingly largest proportion of blacks agreed (84 percent). When asked if it is the duty of family members to take care of elderly relatives, about the same proportion as in the previous question agreed (85 percent). Again, there was not an age difference. When asked a somewhat tougher question, are elderly who cannot take care of themselves better off in nursing homes, a majority of blacks (73 percent) agreed with this statement. There were no differences by age in these perceptions.

We also asked some direct policy questions. When queried if the government should provide free health care for all elderly or just poor elderly, 56 percent of all blacks indicated that it should just be for poor elderly. Older blacks were slightly more likely to say only for poor elders (60 percent). When asked whether Social Security benefits should be increased, 97 percent of all blacks agreed. There were no differences in support of such increases by age. In a set of questions regarding age discrimination, little difference was found among younger and older blacks. Approximately 70 percent of blacks indicated that age discrimination is a problem in this country. Blacks of all ages believed that the best way to combat this discrimination is to work together as a group (95 percent), and that black elders should work with whites to combat problems of age discrimination (94 percent). When asked about membership in organizations working to improve the conditions of older people in America, 18 percent of older blacks (twice as many as the younger ones) indicated that they belonged to such groups.

Thus, in the National Survey of Black Americans the responses to the direct policy questions and items that potentially should show age differences and age-cohort generational conflicts as were found by Bengtson and Murray on largely white samples, we found no direct reports of such age-cohort perceptions of perceived inequities and conflict.

Conclusions and Policy Implications

Policies are rarely conceptualized longitudinally with consideration for the individual and group lifecourse. Instead, policy effects are examined at a particular period in time, ignoring the impact at other stages of life. Any approach short of a life-span perspective is shortsighted and likely to yield increased perceptions of inequity and injustice.

One of the weaknesses in prior basic scientific and policy research has been the limited attention paid to public opinion in the area of generational conflict. Much speculation has surrounded this notion of intergenerational conflict. Daniels (1987) reported limited support for intergenerational tension in a telephone survey of 2,000 adults and in eight focus-group discussions. Instead, he reported an ongoing commitment to a sense of family responsibility and evidence of interdependence. There was strong support for government programs that assist individual and family efforts. It is heartening to note the positive findings of intergenerational support reported by Bengtson and Murray in the 1990 AARP nationwide survey that examined perceptions of interage inequities and potential conflicts. Since Bengtson and Murray's paper alludes to the future potential for race to enter into the generational debate, it is important for such studies to be reported with a breakdown of racial and ethnic minority opinion represented. This kind of reporting facilitates consideration of race and ethnicity in perceptions of equity and allows for informed decisionmaking.

We clearly need a better understanding of the relationship between microfamily lineages, as in social and economic environments, with the broader macro issues of cohort equity and justice. In order to refine our understanding of issues of equity and justice across age cohorts, we must be able to understand how the microfamilial system operates, both as a mediator of the relationships between cohorts as well as acting as the major structure which holds these cohorts together.

Second, as life expectancy increases, the economic fortunes of future new generation cohorts become more questionable. In addition, families encompass numerous cohorts covering larger age ranges. Thus, families will be forced to cobble together various resources from existing public programs. In other words, families will have to make do with public programs that are not specifically designed to address their needs and that are not based upon a set of coherent policies designed to be of assistance across family lineages. What appear to be individual entitlement programs (Medicaid, Medicare, Social Security, for example) may indeed be major components in the support available across multigenerational families now and in the future. The extent of the need for such programs may vary widely depending on group and population differences along social, cultural, racial, and ethnic dimensions. Bengtson and Murray and others in this volume (Haveman, for example) note that public support of old-age programs also provides direct and indirect support for younger cohorts by relieving family burdens for such aid.

Hushbeck (this volume) reminds us that, given the age-cohort structure in the United States, the next twenty years will see a worsening of these interage strata resource issues as the large post-World War II cohort reaches older ages. Therefore, it is important that policymakers developing new public policies recognize such multi-generational familial support processes and possible group differences. New policies should complement and not oppose or hinder these adaptive family coping strategies.

And finally, from a policy perspective, the concern with generational equity and justice outside of a larger focus on the context of equality of opportunity and the distribution of goods and services more broadly may be a "nonstarter." Our fundamental problem is a lack of a comprehensive family policy at the national level that explicitly addresses and encourages the economic, social, and psychological development of multi- generation families. Aging and family interest groups should use the narrow justice debate, however, to broaden the issues typically related to the politics of aging. We agree with Bengtson and Murray that there must be greater emphasis placed upon current and future equity between rich and poor, racial, ethnic, and gender groups in developing a multigenerational, family-based agenda and strategies for appropriate and effective public policies.

Cultural Perspectives on Intergenerational Justice: Comments on Kelly and Rubinstein

David I. Kertzer

In trying to shed some cross-cultural and historical light on the problem of intergenerational justice, let's begin at the broadest level: Does the concept of intergenerational justice have any kind of universal distribution or is it simply the product of our own (and perhaps some related) culture? Of course, even if we view intergenerational justice as a concept of our own culture's making alone, we could still examine any society and ask, from our point of view, whether there is "justice across generations." However, we would have to realize what we were doing: We would be simply applying our own views of morality and our own concepts of social divisions to a society in which such views and concepts would be foreign. Indeed, we would be risking the epithet most feared by the anthropologist: ethnocentrism.

It turns out that this is a complicated, though not uninteresting or unimportant question, one whose complexities I can only hint at here, for I want to go on to other matters as well. To provide even a quick, rough response to our questions, we must look at each of our two terms—generation and justice—and see how much cross-cultural applicability they have.

Do all societies have some concept of generation so that the concept of relations between generations has some sense? Here the difficulty arises from the fact that in using the concept of intergenerational relations we are bringing together two rather different matters: relations between parent and child, grandparent and grandchild, and so on, on the one hand—that is, a concept linked to kinship and descent; and relations between people of different ages or different birth cohorts on the other—that is, a concept linked to age stratification and history. Now, in this we share with many other societies a tendency to generalize out from a family model to larger societal relations, so it is not so surprising that generation as a term for family relations has become an idiom for nonkin relations as well. However, the core of the generation concept cross-culturally is familial and not based on age. In this paradigm, what constitutes a generation is clear enough and in fact generational groupings may crosscut age groupings. A woman may have an uncle who is younger than herself or a son-in-law older than herself. To talk of what one owes the younger or older generation, in such a cultural milieu, is to ask what one owes one's parents and other senior kin or what one owes one's children or other junior kin. It is not to ask what one owes all older people or all younger people.

While this may seem an arcane debate, the chapters in this volume show just how relevant it is; in discussing the issue of intergenerational justice today, one of the primary debates concerns the locus of responsibility: Are actual generations of kin to be seen as the locus of responsibility—and therefore generation in the sense that I have just outlined—or should the moral issue be framed in terms of relations between age strata, and hence have nothing to do with family relations at all?

That many non-Western societies indeed distinguish between generation as a principle of social division and age itself as a principle of social division is perhaps most dramatically seen in those African societies where people (usually men) are assigned a group membership based on either generation (a generation group system) or cohort (an age group system). Membership in such groups not only provides them with a social identity but also specifies what rights and responsibilities they enjoy at any time in their lives. In those societies having an age group system—which is the more common type—boys enter a named grouping when they reach a certain age (often puberty) and move from one life stage to another with the other members of that age group, as new age groups are formed below them. Relations between such age groups, however, could not be described as intergenerational, they are inter-age. On the other hand, there are African societies where a man gets his important group membership by virtue of that of his father, joining a generation grouping (generation set) which was a fixed number of groupings removed from that of his father. In such a case relations between groupings could not be described as inter-age, since members of different generation groups could be of the same age, while members of the same generation group could be very different ages. (African age and generation groups systems are described in Foner and Kertzer [1978]. On the confusion of the concepts of generation and age, see Kertzer [1982, 1983].)

In short, if we deconstruct our concept of intergenerational relations we find two different principles—age and genealogical generation—which are not combined in the same way by all cultures. In asking about intergenerational justice cross-culturally, then, we must decide just what we are asking about: feelings of obligation among kin or feelings of obligation at a societal or communal level among age groups.

Although not all societies have a word that could be translated as our "justice," anthropologists generally agree that all societies have some kind of concept of justice. Indeed, anthropologists Laura Nader and Andrée Sursock (1986, 230) go so far as to claim that "the justice motive may be a need as basic as shelter. . . ." Of course, what is considered just in relations between parents and children, or between old and young, varies tremendously from society to society, as the chapters by William Kelly and Robert Rubinstein illustrate.

Asking the extent to which it is considered just in different societies to provide social benefits based on age, in the view I have outlined here, is a rather different question than asking to what extent it is considered just to provide social benefits based on generational relations within a family. I will try, though, to deal with both questions.

Certainly, the ideal espoused by some contemporary American and European proponents of an "ageless" society, in the sense of one where all people are judged on their merits and age is not taken into consideration in assigning roles, has no known anthropological counterpart. Age stratification is a basic feature of all societies. (For an explication of age stratification, see Riley [1985].) Given this fact, which amounts to saying that the societal system of allocating social roles and benefits inevitably results in distinctive transfers of resources among age groups, intergenerational justice must be seen as a basic feature of each social system. What is just is what is sanctioned by society. The concept of generational inequity is not an abstract moral question—nor a matter of any economic calculus—but, from an anthropological viewpoint, a purely cultural question.

This said, it is hard not be struck by some remarkable similarities among unrelated societies in their feelings of obligation toward the senior generation, but also in their ambivalence toward these obligations. Kelly tells us of the widespread Japanese tales of "a mountain where one brings elderly parents to die when they have outlived their usefulness to the family." An interesting variant of this is found in the folktales of northern Europe, in which a man, accompanied by his young son, pulls his elderly father on a sled over the snow, taking him to a nearby forest. As they reach the forest, where the grandfather is to be left, and begin to turn back, the young boy reminds his father not to forget the sled, saying that one day he, too, will have to make the trip (Plakans 1989, 177-78).

Who Is Responsible—Family, Community, or State?

My earlier distinction between the genealogical meaning of generation and its use to refer to age groups and cohorts helps raise another issue that runs through both Kelly's and Rubinstein's chapters: Should the welfare of older people be seen as the responsibility of their family or of the community or state? Kelly tells us that the Japanese government actively promotes both the three-generation household and the notion that adult children are responsible for the care of their aging parents. Rubinstein's emphasis on the sorry plight of the childless older person—whether in Melanesia or elsewhere—is linked to the same observation: In many societies the older person's welfare is considered the responsibility of the family or kin group, and especially of the person's children and grandchildren.

One of the livelier historical debates on aging in the West concerns, as Norman Daniels (1988, 28) has elsewhere noted, the belief that it has been the family—and hence the generational principle—rather than the community or the state that has traditionally provided for older people in the West. This argument is being used today for legislation and policies designed to make children of older people responsible for their care. Daniels and others have pointed to recent historical work in England that shows, surprisingly to most of us, that back in the seventeenth and eighteenth centuries community-level support was of great importance to the needy elderly. For example, Peter Laslett (1991, 127) tells us that in the village of Corfe Castle in 1790, 80 percent of all those over age sixty received such community payments. Richard Smith (1984, 422), supporting the pioneering historical work of David Thomson (1980), concluded that "Weekly pensions were a feature of wealth distribution organized on a communal basis deeply embedded in modern early English society." This led him to conclude that though the locus of community support for the old shifted over time from the manors and guilds to the parish, and ultimately to the state itself, "there has nevertheless been a remarkable consistency in the extra-familial locus of welfare institutions" in northwestern Europe (1980, 424).

These historical observations are of great importance, but they must be put in proper perspective. One way of looking at the issue of the transfer of resources between older people and their children is to look at the question of co-residence. Kelly emphasizes the link between norms of co-residence and the intergenerational flow of resources and support. In his view, the Japanese tradition of the stem family, with one child (normally the son) remaining in the parental household after marriage, continues to help organize care for needy older people today. As he recounts, even today two-thirds of Japanese over age sixty-five live with one or more children, a rate much higher than that found in the United States.

Based on these various observations, we might be tempted to contrast the East with the West. In this scenario, stem or joint family households in Japan, China, and India reflect a traditional system where intergenerational support is very much a family affair, and not a matter for community or state. In contrast, in the West, with its emphasis on individualism, reflected in nuclear family coresidence, the community or state is relied upon to deal with problems of older people in need.

There are a number of problems with this revisionist view, however, aside from the inevitable pitfalls of painting with such broad strokes. First of all, in our enthusiasm to overthrow the previously dominant historical view of a peasant European past dominated by large, complex family households (an enthusiasm triggered over two decades ago by the English historical work of Peter Laslett and associates of the Cambridge Group), scholars are guilty of going too far in the other direction. First of all, England is not representative of the West, and the centuries-old dominance of nuclear family units there is not typical of other parts of Europe, where in fact various kinds of complex household forms were common. In many parts of southern and eastern Europe, people commonly lived a portion of their lives in multinuclear households, and those who reached old age typically lived with their married children and grandchildren (Kertzer 1991).

Indeed, even in England and elsewhere in northwestern Europe, neolocality (that is, setting up an independent household on marriage) did not necessarily mean that needy older people lived on their own, their children having previously married and living elsewhere. Rather, a fairly strong norm seems to have dictated that where elderly parents were in need, they should be taken in by their children. In England's best studied parish, Colyton, in the eighteenth century, more than half of the people in their seventies who had married children were actually living with them. Interestingly, they were often given extra aid by the parish so that aid from children complemented but did not replace aid from the community (Laslett 1991, 127-28). Co-residence of the old and the infirm in the past was even more common than such figures might suggest, for with relatively late age at marriage and with childbearing continuing to around age forty for women and beyond that age for men, older people in need of assistance often still had unmarried children who could live with them and help them out.

Nor is co-residence of older people with their married children simply an Eastern pattern today. In portions of Europe, such co-residence is still common. According to Italy's 1981 census, for example, 30 percent of all women in their seventies and 41 percent of those in their eighties lived with one of their children (Bartiaux 1991, 93). Clearly, this does not approach the two-thirds level for Japan cited by Kelly, but it does suggest that in significant portions of the Western world co-residence with married children remains an important means of providing intergenerational support in the later years of life.

In this debate, one mistake we should avoid is assuming that in small-scale, non-Western societies, care for the needy elderly was inevitably provided by their junior kin. Walter Sangree's fascinating studies of the Tiriki in East Africa and the Irigwe in Nigeria—mentioned by Rubinstein—describe two unrelated horticultural societies where "intensive support and nursing of the elderly when sick or infirm come mostly from their elderly age peers, not from their own children" (Sangree 1989, 42). It is significant that in both cases men are organized into formal age groups.

We cannot discuss intergenerational justice in comparative perspective without recognizing the central importance of gender, a fact noted by both Kelly and Rubinstein. Kelly tells us that the Japanese emphasis on daughters rather than sons in assigning responsibility for the care for old parents is even greater than the much-lamented emphasis found in the United States. Rubinstein, describing the very different case of Vanuatu, suggests that older men are typically in a stronger position than older women in soliciting the attention of their junior kin because it is the men who control the property. Putting these two cases together, we get a kind of gender grid, involving father and mother, son and daughter. It is not enough, then, to speak in genderless terms of intergenerational justice in any society, for notions of justice are inextricably linked to cultural conceptions of gender and the social benefits that come via gender-linked social roles (e.g., property owner).

In trying to understand how gender works in this context, we might expect that intergenerational obligations for care are linked to co-residential arrangements and their legacy. For example, the norm that older parents should live with married sons would appear to accord with a primary locus of responsibility in the younger generation with the son rather than the daughter—who lives not with her own parents but with her husband's parents. Kelly's description of the Japanese case is interesting in this regard because Japan has a strong patrilocal tradition and I assume most of the co-residing parents today still live with married sons and not daughters. The fact that the women in such a society are seen as primarily responsible for the care of the older generation seems to give priority to gender over either descent or residence. One implication of this, as Kelly notes, is that tensions between men and women are more serious than tensions between the generations in contemporary Japan. What is clear, however, is that the two are intricately linked.

In examining the age stratification systems found in different societies—the ways in which social resources are allocated by age—the fact that societies are subject to all kinds of forces of change must be constantly kept in mind. Some of these changes are demographic. As others have noted, an expanding population implies different intergenerational dynamics than a stable or contracting one. If daughters are to have primary responsibility for parents' welfare, it matters a great deal—both to the parents and the daughters—whether people commonly have two or more daughters rather than just one or none. As birth rates have declined in Japan, as in the United States and Europe, the pressure on the younger generation inevitably increases. This too can be seen in both generational and cohort terms, the latter a central issue in predicting the future of our Social Security system. Similarly, Rubinstein's discussion of the life-course consequences of the earlier decision not to have children provides another illustration of the impact of demographic change on systems of generational relations.

In short, these two chapters show some of the benefits of taking a broad, cross-cultural view of the thorny issues surrounding the intergenerational justice debate. Such a view helps us clarify the basic concepts involved and—together with a historical perspective—demolishes various myths about universals of human nature and "traditional" society. Taking a cross-cultural and historical perspective also offers another advantage; by showing the variety of ways humans have confronted and coped with issues of intergenerational justice, it helps suggest alternative social arrangements for us to consider as we confront the societal changes that render many of our own mechanisms of intergenerational exchange obsolete.

What Helps Who How: Comment on Foner

David Friedman

Anne Foner raises an important issue in her comments: To what extent do programs that appear to be transfers to the elderly really benefit other people? A particular example she discusses is Social Security. I think that part of what she says is correct, and part is not.

She is correct in arguing that, insofar as Social Security payments substitute for expenditures by children to take care of their parents, they represent an indirect transfer to the children. But I think she is partly right and partly wrong in her analysis of the way in which Social Security, by pulling older people off the labor market, affects workers and employers.

One would expect Social Security, by reducing the total supply of labor, to drive up the price of labor and drive down the return on capital. That would have some redistributional effects, but the results are complicated by the fact that most income in the United States at present is labor income. The distribution of income is not mainly a matter of rich capitalists receiving large incomes from their capital and poor workers receiving small incomes from their labor. Inequality of income is mainly a difference between skilled workers (doctors, lawyers, engineers, executives), unskilled workers, and people who are not working at all. People generally accumulate skills over their lifetimes, so the older workers being bid off the labor market by Social Security may well represent an above-average level of skills. If so, Social Security may actually make skilled labor scarcer and more expensive relative to unskilled labor, thus tending to increase income inequality.

So far as the overall effect on people other than the aged, there is no reason to think that preventing some people from working benefits the rest of us. It is true that we, as workers, are competing with the elderly, but it is also true that we, as consumers, are indirectly employing them. As a general rule, taking productive resources out of production, whether through Social Security or the farm program, or by bombing factories, makes the people who consume what those resources produce worse off.

Rebuttal

Vern L. Bengtson and Tonya M. Murray

The critiques by Anne Foner and James Jackson and Jyotsna Kalavar of our chapter are thoughtful and analytical. While they agree with us in many respects, they highlight some important additional considerations in the generational justice debate from their own scholarly perspectives.

Anne Foner's sociological critique of our chapter focuses on social-structure aspects of the justice across generations debate. She makes three important points: (1) conceptual clarity is crucial as social scientists attempt to understand and explain the issues in this debate—particularly in terms of the macro- versus microsocial levels of analysis and the synchronic versus diachronic levels of temporality; (2) "intergenerational equity" discussions to date have not been willing to face issues reflecting some more basic class interests (e.g., business versus labor) that are in fact embedded in current social policy debates; and (3) it is misleading and irresponsible to focus only on direct public allocations to age groups (such as the elderly) and ignore the considerable indirect and private allocations of benefits (especially to younger age groups).

We agree with Foner's arguments. We also acknowledge that they are stated more forcefully within a social-structure theoretical context than we advanced in our chapter. Her case study regarding public pensions—how current and future age groups will benefit from current policies and how national data show strong support for these policies—is particularly convincing.

James Jackson and Jyotsna Kalavar present a quite different critique of our chapter. Their focus is on social-psychological aspects of the justice across generations debate, and their concern is with families and social policy initiatives which might enhance intergenerational support. They make five important points: (1) the family is both a mediator and articulator of individual and group/cohort perceptions regarding "equity" across age groups; (2) much of the "inequities" discussed in the current debate could be better understood by focusing on the family and its life-course processes; (3) there is a crucial need for more comprehensive family policy at the national level in America (for example, family leave legislation which benefits the old, the young, and the disabled as well as the male or female worker); (4) there are racial, ethnic, class, and cultural differences in the perception of family norms and obligations between generations, and these need to be acknowledged in models of "justice" between age groups; and (5) there are "resource banks" involving both tangible and intangible resources exchanged over the lifetimes of individual family members, which also must be considered in the accounting of resource flows and reciprocities across generations.

We agree with these points by Jackson and Kalavar. We also note that the data they cite, from the National Survey of Black Americans, suggest absolutely no support for age-cohort perceptions of generational inequities or conflicts. This result is similar to findings from the 1990 AARP Survey of Generational Linkages reported in our chapter. Such perceptions should be monitored over future years and decades since they provide data basic to policymakers' concerns about equality and equity among age groups within our aging societies during the next decades.

Will social scientists' conceptualizations, or their research findings, have any impact on policymakers' and politicians' agendas regarding justice across generations in the next decade and in the increasingly aging American society of the twenty-first century? We believe they will. The crucial requirement is for social scientists to be clear about what they mean about the social policy implications of their research. This "conceptual clarity" about age groups and generational relations is something we have attempted to explicate in our chapter.

Section IV

Philosophical Perspectives

Chapter 11

The Prudential Lifespan Account of Justice Across Generations

Norman Daniels

During the 1980s, the issue of intergenerational equity entered policy debates about the target of health and welfare resources. Not only did the issue surface in the United States, but it became an important theme in Europe and even in many developing countries (Daniels 1990). In large part, the concern is driven by demographics: we live in an aging world, partly as a result of increased life expectancy, but largely as a result of falling birth rates. As the age profile—the proportion of the population in each age group—changes, social needs change. For example, as society ages, proportionally fewer children need education, fewer young adults need job training, but more elderly need employment, income support, and health care, including long-term care. Where the change is rapid, concerns arise about the stability of transfer schemes, and tension rises not only between age groups but between birth cohorts. Changing needs find political expression, and the old and the young appear to compete for scarce public funds that meet basic human needs.

A divisive issue like intergenerational equity may be pushed aside in the heat of a presidential campaign, but it will resurface. Indeed, President Bush proposed using savings from capping growth in Medicaid and Medicare budgets to fund expanded health insurance coverage to the working poor and their families. Such a proprosal would intensify a problem we already have: nursing homes are already being made less accessible to those on Medicaid in Georgia because of restrictions on reimbursement rates (Watson 1992). Similarly, competition between the old and the young is not far from the surface in Oregon. Oregon plans to fund expanded access to care for the working poor in part through implementing a health care rationing plan for poor children and their adult caretakers on Medicaid. The Children's Defense Fund sharply criticized the plan because it did not include in the rationing plan Medicaid costs aimed at the elderly (Daniels 1991). In effect, the young, but not the old, were targets of rationing. In response, Oregon plans to extend its rationing plan to cover all Medicaid services, and some proponents of the Oregon plan hope to include Medicare services as well; the extension requires deciding how to rank the importance of medical services all across the lifespan. Since universal access health care insurance schemes in Canada and Europe must also face the problem of meeting the needs of old and young with limited resources, America's current focus on improving access to care will not push the issue of intergenerational justice aside for long.

Underlying the call for intergenerational equity lie two distinct problems of distributive justice. First, what is a just or fair distribution of social resources among the different *age groups* competing for them? The approach I will sketch to this problem, the prudential lifespan account (Daniels 1988), involves our imagining that we can prudently allocate a lifetime fair share of a particular resource, such as income support or health care, to all stages of our lives. Then, what counts as a prudent allocation between stages of a life will be our guide to what counts as a just distribution between age groups. But an institution that solves the age-group problem must also solve the second problem—the problem of *equity between birth cohorts*. What is fair treatment of different cohorts as they age and pass through transfer and savings schemes that solve the age-group problem?

It is important to distinguish these problems of distributive justice, because calls for intergenerational equity often confuse and conflate them. Some confusion is understandable, since the term "generation" is ambiguous. We can speak of the perennial struggle between the generations, meaning the conflict between age groups, or we may speak about the generation of the 1960s, meaning a particular cohort that was either born or came of age in that period. (I ignore yet another meaning, the obligation of present generations to preserve resources for more distant future generations, and concern myself only with contemporaneous generations.) Nevertheless, age groups and birth cohorts are different notions and give rise to distinct problems of distributive justice. Over time, an age group includes a succession of birth cohorts. Age groups do not age, but birth cohorts do. Since birth cohorts encounter unique conditions as they pass through life, there are important demographic, social, and economic differences between them. But the notion of an age group abstracts from the distinctiveness of birth cohorts and considers people solely by reference to their place in the lifespan.

Not only are age groups and birth cohorts conceptually distinct, but distinct issues of justice concern them. Insisting, for example, that different birth cohorts should be treated equitably does not tell us just what transfers society ought to guarantee between the young and the old. Answering the age group question, however, may teach us what to do for each birth cohort over time. Similarly, worries about age bias and age discrimination are largely concerns about justice between age groups, not birth cohorts.

Solving the age-group and birth-cohort problems will allow us to answer the question posed by the conference title, "Justice Across Generations: What Does It Mean?"

The Prudential Lifespan Account

What is a just distribution of resources between the young and the old? The key to answering this question lies in the humbling fact that we all age. In contrast, we do not change sex or race. The relevance of these banal observations needs some explanation.

If we treat blacks and whites or men and women differently, then we produce an inequality between persons, and such inequalities raise questions about justice. For example, if we hire and fire on the basis of race or sex rather than talents and skills, then we create inequalities that are objectionable on the grounds of justice. If we treat the old and the young differently, however, we may or may not produce an inequality between persons. If we treat them differently just occasionally and arbitrarily, then we will be treating different persons unequally. But if we treat the young one way as a matter of policy and the old another, and we do so over their whole lives, then we treat all persons the same way. No inequality between persons is produced since each person is treated both ways in the course of a complete life. Thus the banal fact that we age means age is different from race or sex for purposes of distributive justice.

My account of justice between age groups builds on this basic point: Unequal treatment at different stages of life may be exactly what we want from institutions that operate over a lifetime. Since our needs vary at different stages of our lives, we want institutions to be responsive to these changes. For example, in many industrialized countries, we defer income from our working lives to our postwork retirement period through some combination of individual savings and employee or government pension or Social Security plan. In many such schemes there are no vested savings, but a direct transfer from the working young to the retired old. Viewed at a moment, it appears that "we," young workers, are taxed to benefit "them," the old. If the system is stable over the lifespan, it appears that our needs for income vary through the different stages of life and we have designed a system treats us appropriately—differently—at different ages.

The same point holds for health care. When we reach age sixty-five in the United States, we consume health care resources at about 3.5 times the rate (in dollars) that we did prior to age sixty-five (Gibson and Fisher 1979). But we pay, as young working people, a combined health care insurance premium—through private premiums, through employee contributions, and through Social Security taxes—which covers not just our actuarially fair costs, but the health care costs of the elderly and of children as well. The point holds regardless of the difference between our mixed insurance scheme in the United States and the all-public scheme in Canada. Age groups are treated differently. The old pay less and get more, the young pay more and get less. If this system continues as we age, others will pay "inflated premiums" which will cover our higher costs when we are elderly. In effect the system allows us to defer the use of resources from stages in our lives when we need them less into ones in which we need them more. In general, budgeting these transfers prudently enables us to take from some parts of our lives in order to make our lives as a whole better.

We have learned two important lessons about the unequal treatment of different age groups. First, treating the young and old differently does not mean that persons are treated unequally over their lifespan. Second, unequal treatment of the young and old may have effects which benefit everyone. These two points provide the central intuition behind what I call the prudential lifespan account of justice between age groups. Prudent allocation among stages of our lives is our guide to what is just between the young and the old.

The lifespan account involves a fundamental shift of perspective. We must not look at the problem as one of justice between distinct groups in competition with each other, for example, between working adults who pay high premiums and the frail elderly who consume so many services. Rather, we must see that each group represents a stage of our own lives. We must view the prudent allocation of resources through the stages of life as our guide to justice between groups. From the perspective of stable institutions operating over time, unequal treatment of people by age appears to be budgeting within a life. If we are concerned with net benefits within a life, we can appeal to a standard principle of individual rational choice: It is rational and prudent that a person take from one stage of his or her life to give to another in order to make his or her life as a whole better. If the transfers made by an income support or health care system are prudent, they improve individual well-being. Different individuals in such schemes are each made better off, even when the transfers involve unequal treatment of the young and the old. This means that neither old nor young have grounds for complaint that the system is unfair.

The contrast of age with race or sex should now be clear. When considered part of a prudent lifetime plan, differential treatment of people by age still involves treating them equally over their whole lives. There are no losers, since each person benefits. Differential treatment by sex or race always creates inequalities, benefiting some at the expense of others. Losers will have legitimate complaints about unfairness or injustice.

Before turning to the social use of this basic idea, it may help us to think about how an individual might design a lifetime health care insurance policy. Suppose I am willing to spend only a certain amount of my lifetime resources insuring myself against health care risks—health care, however important, is not the only good in my life. In any case, I accept the fact that the benefits I can buy with that lifetime premium will not meet every conceivable medical need I will have. Therefore, I must be willing to trade coverage for some needs at certain stages of my life for coverage at others. I also believe that I should give equal consideration to my interests at all points in my life. Unfortunately, if I know how old I am and think about things only from the perspective of what I consider important at that point in my life, then I risk biasing the design of my insurance package, for example, by underestimating the importance of things I will need much later in life. To compensate for this bias, I should pretend that I do not know how old I am and will have to live through all the trade-offs I impose at each stage of my life. For example, I know that if I give myself too much acute health care when I am dying, I do so at the expense of other services, e.g., long-term care services, that might improve my quality of life over a considerable period late in life. Similarly, if I save no benefits for old age, I doom myself to real misery.

Just as individuals set reasonable limits on their lifetime insurance premiums, prudent planners acting on behalf of society in general are limited by what counts as a "fair share" of health care. This share is not simply a dollar allotment per person. It consists of entitlements to services that are contingent on our having certain medical needs. Their problem is to find the distributive principle that allocates this fair share over the whole lifespan. Their goal is a distribution that people in each age group would think is fair because they would all agree it makes their lives as a whole better than alternatives. To ensure that our planners avoid biasing the design in favor of their own age group, we shall force them to pretend that they do not know how old they are, and we require that they accept a distribution only if they are willing to live with what it does to them at each stage of their lives. Each stage of their own lives thus stands in as proxy for an age group, and they will age from conception to death in the system of trade-offs to which they agree.

Elsewhere (Daniels 1988, Ch. 3) I give a more detailed statement of these and some other qualifications on the concept of "prudent deliberation" appropriate for solving the age-group problem. I show that considerations of prudence require even further restrictions on the knowledge of the deliberators, making them even less like the standard "fully informed consumer" of economic theory. For example, they should judge their well-being by reference to all-purpose goods, like income and opportunity, rather than through the very specific lens of the "plan of life" they happen to have at a given stage of life. Otherwise the design of the lifetime allocation may be biased by a conception of what is good which just happens to be held at a given point in life (see also Rawls 1971, 1982, 1988). These qualifications should make my account immune to some of the objections raised by Cowen in his contribution to this volume (see "The Prudential Lifespan Account: Objections and Replies," this volume).

Before we can understand what the prudential lifespan account tells us about health care, we must specify what principle of distributive justice governs the "lifetime fair share" of health care, and I shall do that shortly. But first I want to emphasize that the prudential lifespan account is quite general. It gives us a way of thinking about the distribution of many important goods, not just health care, as in the insurance example. For example, we are interested in income support at various stages of our life: how should we distribute such support over the lifespan? The young and the old seem to be in competition here just as much as in the case of health care. The prudential lifespan account asks us to think about how planners who do not know their age would allocate a lifetime fair share of such entitlements to each stage of life. Here, too, the lifetime fair share is not some lump sum in dollars, but a range of contingent entitlements to support. These entitlements are specified relative to what justice in general permits in the way of economic inequalities between persons.

Prudent planners, operating under the constraints I have sketched before, would have to reason as follows about such entitlements to support. They cannot expand their lifetime income share by allocating it in certain ways, for example, by setting aside income early in life and investing it heavily in their own human capital or otherwise. Such investment strategies are already accommodated within the notion of a lifetime fair income share, or so I am supposing when I imagine them budgeting a fixed but fair lifetime share. (At the level of resources it is a zero sum game, though resources can be allocated in ways that make their lives go better or worse overall.) These planners do not know how old they are, and they must allow for the fact that their preferences or views about what is good in life will change over the lifespan. The prudent course of action would be to allocate their fair share in such a way that their standard of living would remain roughly equal over the lifespan (call this the standard of living preservation principle). They would want institutions to facilitate income transfers over the lifespan in such a way that individuals have available to themselves, at each stage of life, an adequate income to pursue whatever plan of life they may have at that stage of life. Of course, "adequate" is here relative to the individual's fair income share, as determined by the acceptable inequalities in the society. This principle has implications for income support in old age.

The prudential lifespan account also helps us think about the distribution of educational and job training resources over the lifespan. We are used to thinking of education as a process early in life, one that helps set the trajectory for the quality of later life. But as more and more people live longer in the context of rapidly changing technologies and as societies age, we must think anew about the role of education throughout the lifespan. We each have a strong interest in retaining claims on educational and job training resources during later stages of life than was the case in earlier generations. Restricting education to youth was more plausible when life expectancy was fifty years, but now that life expectancy is over about seventy-five years, education later in life can vastly improve that second half of our adult lives that people a century ago rarely enjoyed. The shape of our lives has changed! Of course, education early in life remains crucial. But we must also shed the outdated view that education is just a matter for youth.

The generality of the prudential lifespan account is one of its virtues, offering us a unified account of how to distribute various goods across the lifespan. Its strengths and weaknesses should be assessed independently of how I have applied it in the case of a particular good, like health care (see Daniels 1989, 677-78 in response to a criticism by Jecker 1989). Before turning to my use of the approach in health care and in arguments about rationing health care by age, I want to consider some objections that have been raised to the prudential lifespan account in general.

One objection to the prudential lifespan account is that its application can create some intergroup inequalities. This objection must be taken seriously because the rationale for adopting the prudential model for the age-group problem is that we can assume that intralife transfers will be an appropriate model for interage-group transfers, but if different demographic groups age differently, then the model breaks down. For example, raising the age of eligibility for income support benefits under Social Security, which arguably is a prudent and fair way to address both the age-group and birth-cohort problems, might leave African Americans, who have a lower life expectancy, worse off than whites or Asians. Similarly, a policy of rationing lifesaving medical services by age, which may be permissible under very special conditions of scarcity on my account, might have differential impact by class, race, or gender. Where such effects take place, they may constitute good reasons for not adopting such a rationing policy, or they might give us reasons to link the rationing to facts about group life expectancy. The general point is that the prudential lifespan account presupposes that solutions to the age-group problem will not disturb more general requirements of justice (see Daniels 1988).

One interesting objection to my account is the charge that it presupposes an inadequate way of thinking about equality, namely the view that we are primarily concerned about equality over complete lives rather than between simultaneous segments of lives (McKerlie 1989). Thus, I argued earlier that treating people differently at different ages does not always create an inequality that requires justification, judging from the perspective of their complete lives. In contrast, treating people differently by race or sex does create such inequalities. McKerlie, building on some suggestions of Parfit (1984, 149-58; 1986, 869-70), claims that the complete-lives view has some puzzling and perhaps unacceptable consequences. For example, suppose A's life has been worse than B's (say A had a poor childhood), but A is not scarred by his past. Complete-lives egalitarianism seems to imply we should favor A in the future to compensate for his past deficits, but it is not obvious our egalitarian intuitions agree. Similarly, according to McKerlie, complete-lives egalitarianism seems to leave us unable to complain about the following case. Our feudal society contains nobles and peasants who switch places every ten years. Over our whole lives, we are equally happy, but at each time slice significant inequalities exist. If no basic rights are violated by the arrangement, complete-lives egalitarianism seems unable to explain the aversion some egalitarians would have to the "switching places" case, which allows so much inequality between simulataneous segments of lives.

McKerlie objects to treating the complete lives account as a sufficient account of our egalitarian concerns. My account, however, does not presuppose that it is a sufficient account, even though I invoke the complete lives view for a limited purpose. My goal is to develop an account of how we should think about the design of social institutions that distribute goods over the whole of our lives. I set the problem up so that we considered only how *ex ante* we should want such distributive schemes to treat us at each stage of life. I then concluded that, because differential treatment by age does not then generate the same objectionable inequalities that sexist or racist treatment produce over complete lives, it does not face the crucial objection raised by those cases.

I am not, however, committed to thinking that just any inequality that then shows up between simulataneous segments of complete lives that are equally well off is justifiable. My argument also requires that the differential treatment we permit between stages of life must work to make our lives go as well as possible, given fair constraints on lifetime shares of resources (generally, I am talking about resource inequalities between stages of life, not utility inequalities, as McKerlie generally does). Consequently, to accept an outcome like that involved in the "switching places" example involving nobles and peasants, we would have to believe that, compared to alternatives, such a scheme is a prudent way to allocate resources. That seems highly implausible. Given my limited purpose in designing institutions, rather than in thinking about all the egalitarian interventions we might imagine, my limited appeal to the complete-lives approach is not open to McKerlie's objection.

McKerlie considers an alternative to the "simultaneous segments" approach, namely one that is concerned with equality between corresponding segments of people's lives. That is, rather than complain that someone who is old is worse off than someone who is young, we should consider whether the person who is now old is worse off than the younger person will be when she or he is old. McKerlie rejects this alternative because he thinks his examples show that we are primarily troubled by inequalities between simultaneous segments of lives. I disagree. Assuming there is equality over complete lives, I am troubled less by inequality between corresponding segments than I am by inequalities between simultaneous segments. For example, I think the inequalities in salary and prestige that attach to academic ranks, which seem quite objectionable on a simultaneous segments view, may be rendered less objectionable when we see them as stages of a career that each academic goes through. If the unequal treatment by stage works to make each life go as well as possible, e.g., by providing incentives and rewards that help motivate and reward productivity through a career, then the corresponding segments view seems better to correspond to our intuitions than the simultaneous segments view. I return to further consideration of McKerlie's criticisms of the prudential lifespan account in "Objections and Replies" later in this volume.

Lifespan Allocation of Health Care

Consider now how the prudential lifespan account might be applied to the case of health care. I must explain how we should think about the notion of a "lifetime fair share" of health care, that is explain what principle of distributive justice applies to the design of health care systems. I have argued elsewhere (Daniels 1985) that a central, unifying function of health care is to maintain and restore functioning that is typical or normal for our species. Health care derives its moral importance from the following fact: normal functioning has a central effect on the opportunity open to an individual. It helps guarantee individuals a fair chance to enjoy the normal opportunity range for their society. The normal opportunity range for a given society is the array of life plans reasonable persons in it are likely to construct for themselves. An individual's fair share of the normal opportunity range is the array of life plans he or she may reasonably choose, given his or her talents and skills. Disease and disability shrinks that share from what is fair; health care protects it. Health care lets a person enjoy that portion of the normal range to which his or her full range of skills and talents would give him or her access, assuming that these too are not impaired by special social disadvantages. The suggestion that emerges from this account is that we should use impairment of the normal opportunity range as a fairly crude measure of the relative moral importance of health care needs at the macro level.

Because we have obligations to ensure people of fair equality of opportunity, we have social obligations to provide health care services that protect and restore normal functioning. This account implies that there should be no financial, geographical, or discriminatory barriers to a level of care which promotes normal functioning, given reasonable or necessary limits on resources. We can guide hard public policy choices about which services are more important to provide by considering their relative impact on the normal opportunity range. Rights to health care are thus *system relative:* entitlements to services can only be specified within a system that works to protect opportunity as well as possible, given limited resources.

Our prudent planners solve the age-group problem if they can clarify what the right to health care means for each age group. To do this, they must agree to a principle for allocating their lifetime fair share to each stage of life. Remember, these planners do not know how old they are. This means that it is especially important for them to make sure social arrangements give them a chance to enjoy their fair share of the normal range of opportunities open to them at each stage of life. This protection of opportunity at each stage of life is particularly important, since they are planning for their whole lives and must keep in mind the importance of being able to revise their views about what is valuable in life as they age. But impairments of normal functioning by disease and disability clearly restrict the portion of the normal opportunity range open to individuals at any stage of their lives. Consequently, health care services should be rationed throughout a life in a way that respects the importance of the age-relative normal opportunity range. In effect, all specific allocation decisions must be constrained by this principle.

It is important to consider some specific implications of this application of the prudential lifespan account to health care. I can do so only briefly here.

Long-Term Care

Because the likelihood of needing long-term care increases with age, the aging of society raises urgent questions about the long-term care systems in many developed countries. Some experts suggest that long-term care "may well be the major health and social issue of the next four decades, polarizing society over the next 20 to 40 years" (Vogel and Palmer 1982, v). By 2040 there is likely to be a fivefold increase in the number of people age eight-five and over in the United States and other European countries and similar increases in the numbers of very old who are nursing home residents or functionally dependent on the community (Soldo and Manton 1985, 286). These trends are present in many developing countries as well; in many of these cases, the absence of existing public long-term care systems magnifies the problem created by rapid changes in the economic and social structures that underlay care for the disabled elderly in the past.

It follows from my equality of opportunity account of justice in health care that long-term care is of comparable moral importance to acute care: they have the same function, protecting an individual's share of the normal opportunity range (Daniels 1985). Adding the perspective of the prudential lifespan account, two further points emerge. It may be prudent to trade some acute care services aimed at marginal extension of life for long-term care services that greatly improve quality of life over a longer period. Second, providing long-term care services that give relief to families, who provide the bulk of long-term care, provides a benefit at two stages of life. It helps both when we are providers of such care and when we are recipients of it. The suggestion that emerges from these considerations is that the U.S. system has undervalued the importance of long-term care and undersupplied crucial services that benefit us at various points in the lifespan. Any redesign of our health care insurance system should include reallocation of benefits reflecting these priorities.

In some universal access systems, like the Canadian and some European systems, long-term care services, including many social support and home services, are already incorporated in the benefit package. Rationing health care in these systems will require making explicit the way in which the importance of these services is measured against the importance of existing and forthcoming acute care technologies. We have not developed an adequate philosophical framework for thinking about how to make these judgments in any very specific manner (see Daniels 1992). I take this to be a crucial problem for the 1990s that bears on health care rationing and the elderly. It is a problem that will have to be addressed by the Oregon Health Services Commission as it attempts to expand the ranking of services to include services for the elderly and disabled.

Rationing by Age

In the United States, there is considerable concern that the increasing numbers of elderly will intensify the problem of rapidly rising health care costs. Much of this rate of increase is due to the rapid dissemination of high-cost medical technologies, many of which are aimed at conditions that are prevalent among the elderly. In this context, there is a growing discussion about the need to ration beneficial medical treatments. In the United States, the greatest threat to health care rights will come from the temptation to use ability to pay as a criterion for rationing, but there is a growing discussion of the relevance of age as a basis for rationing some high-cost medical technologies. Callahan (1987) has drawn considerable critical comment for his proposal that we consider rationing life-extending medical services explicitly by age. Less hypothetically, there is evidence that the British National Health Service already uses age as a basis for rationing some expensive technologies, such as renal dialysis (Aaron and Schwartz 1984), and in the United States, many transplants are not made available to people over age fifty-five. The explanation usually given, that the elderly will not fare as well as younger people, appears to have little in the way of controlled studies to support it.

Some critics of rationing by age consider it morally impermissible in exactly the way that rationing by race or sex would be. They consider age, as opposed to medical suitability, a "morally irrelevant" basis for distributing medical services. Others advocate a policy of rationing by age because they believe that the elderly have a duty to step aside and sacrifice for the young (Callahan 1987) or because they believe that it is fair for the elderly, who have had the opportunity to live a long time, to forgo services in favor of the young, who have had less opportunity to live (cf., Veatch 1988; Brock 1988; Kamm, in press).

The prudential lifespan approach to the age-group problem provides a way to resolve this dispute (cf., Daniels 1988, Ch. 5). A policy will be fair to different age groups if prudent planners who do not know how old they are would choose it as a way of allocating a lifetime fair share of health care among the stages of life. Under very special conditions of resource scarcity, the following might happen: providing very expensive or very scarce life-extending services to those who have reached normal life expectancy can be accomplished only by reducing access by the young to those resources. That is, saving these resources by giving ourselves claim to them in our old age is possible only if we give ourselves reduced access to them in earlier stages of life. A central effect of this form of saving is that we increase our chances of living a longer-than-normal lifespan at the cost of reducing our chances of reaching a normal lifespan. Under some conditions, it would be prudent for planners to agree to ration such technologies by age, making them more available to the young than to the very old. More precisely, if we consider only information about life years saved and if rationing by age and rationing by lottery both yield the same life expectancy, it is not imprudent to prefer an increased chance of reaching that life expectancy through age rationing. If we add more information—e.g., that years later in life are more likely to contain disabilities or that years earlier in life are typically more important to carrying out central projects in life—then we can get the stronger result that age rationing is preferred to rationing by lottery.

Faced solely with the alternative of rationing by age or rationing by lottery, prudent deliberators under special conditions of scarcity might find age rationing prudent and therefore morally permissible. Of course, other alternatives might be more prudent, but if the choice is restricted, then rationing by age would be fair to each person, treating them equally over their lives, and it would benefit each by maximizing chances of reaching normal life expectancy. This argument turns on no prior moral assumptions that life at one age is more *valuable* than life at another. It does not turn on the judgment that it is more important or valuable for society to save the young than the old or that society would benefit more from doing so. Instead it turns on the judgment each of us would in effect make, that we would each be better off (or not worse off) from an age-rationing scheme. Nor does it turn on prior moral views about the duties of the elderly to the young or vice versa.

One of the virtues of this argument is that it does not invoke moral judgments of any of these kinds. Contrast it, for example, with Brock's (1988) suggestion (similar to Veatch 1988) that the principle of equality of opportunity tells us quite directly that we should give everyone a better chance of reaching normal life expectancy through age rationing than give some people an extra opportunity to live much longer. I am reluctant, however, to appeal so directly to our intuitions about equality of opportunity. For example, if a young person has had "opportunity" enhanced through prior medical treatment, does she or he still have a greater claim than an old person who has never been so helped? Part of what is at issue is whether we should judge the equality of opportunity as ensured by the outcome (more equal chances at achieving normal life expectancy) or by a process (more equal chances through a lottery at receiving the life extending service). Our intuitions pull in different directions on this matter. My prudential argument, however, makes no such appeal to such intuitions.

Callahan's (1987) argument for rationing by age also turns crucially on claims about moral obligations that play no role in mine. The overall structure of Callahan's argument can be captured in the following three-step argument: (1) The only way life for the old is meaningful is if the old serve the young. (2) Therefore, the old ought to serve the young, e.g., by serving as moral exemplars who surrender claims on lifesaving services in favor of the young. (3) Consequently, the old can be compelled through age-rationing measures to carry out their obligations to the young.

This argument is both unsound and invalid. The first premise is false. There are many ways for the old to find meaning in life. Claude Pepper, for example, found meaning in old age by serving the old, not the young. In a culturally diverse society, we are likely to differ considerably in our views about what adds meaning to old age. But even if the first premise were true, the second step does not follow from it, nor the third from the second. From the fact that something makes my life meaningful, it does not follow that it is what I *ought* to do or seek. Many things might add meaning to my life, but I am not obliged to do them on either prudential or moral grounds. Moreover, many of the things I ought to do are not things that society should compel me to do, which is the force of the conclusion of the argument.

Whereas Callahan puts his argument to use as a rationale for a general policy, I do *not* advocate age rationing as a policy. My argument supports age rationing only under very limited conditions and only when there is no more prudent alternative. Alternative strategies for allocating resources, ones more fine-tuned to the conditions of patients and the likely outcomes of treating them, would probably be judged preferable to rationing by age. In contrast, there is considerable unclarity as to just what role scarcity and cost containment play in Callahan's argument. He prefaces his discussion with concerns about rising health care costs and claims about scarcity, but the argument itself (as sketched above) does not appeal to scarcity. Nor does Callahan show just what the savings would be if his policy were adopted (Schwartz and Aaron [1988] argue there would be very minor savings at best).

Before turning to the issue of equity between birth cohorts, I want to note that the prudential lifespan account, like most other theories, falls short of telling us just how to ration services over the lifespan (as McKerlie [1989a] and Emanuel [1991] note). Given limited resources, we must sometimes choose to protect the normal opportunity range better at one stage of life than another or for some groups rather than others. This problem is quite general: all principles of distributive justice lack content until they are embodied in institutions that ration scarce resources needed to satisfy the principles. The principles alone do not tell us how to ration. Are there other moral constraints, or is this merely a political process? This is a crucial, but remarkably unexplored area of philosophical inquiry (see Daniels 1992).

Equity Between Birth Cohorts

In the United States, many people have pointed to the fact that benefit ratios—the overall ratio of benefits to contributions—have been falling for successive cohorts entering the Social Security system, and there is considerable concern that these ratios will continue to fall. In Europe, there is concern about the financial stability of income transfer schemes into the next century, since there will be proportionally fewer employed workers to support retirees. Some of the shrillest proponents of intergenerational equity in the United States call for dismantling the Social Security system and forcing each cohort to rely on its own resources for income support (and health insurance) in old age. The claim seems to be that fairness requires each cohort to depend on its own individual retirement accounts. A special form, then, of the problem of equity between birth cohorts is the question, what inequalities in benefit ratios are fair or equitable? More generally, what inequalities in the treatment of different cohorts are just or fair as these cohorts pass through institutions intended to meet the requirements of justice between age groups?

Since each birth cohort ages, it has an interest in securing institutions that solve the age-group problem effectively. Unfortunately, institutions or transfer schemes that solve the age-group problem operate under considerable uncertainty. There is uncertainty about population and economic growth rates, as well as about technological change, which further affects productivity. Errors are likely to abound, and inequalities in benefit ratios between cohorts will arise as a result. Despite these sources of error, institutions that solve the age-group problem must remain stable over time. They must be able to weather the political struggle that results if errors are allowed to produce unjustifiable or unacceptable inequalities in benefit ratios. Such institutions will be able to survive the struggle among coexisting birth cohorts only if each feels it has a stake in preserving them. Each will feel it has such a commitment only if it believes these institutions work to its benefit within the limits of fairness. Such commitment will be sustained; then, only the practical target of our policy is to aim for *approximate equality* in benefit ratios.

One objection to this suggestion is that it ignores the fact that some cohorts may be wiser or more prudent than others and may therefore contribute more to productivity. Since many believe that people should be rewarded for their contributions, they insist that benefit ratios should reflect *dessert*. Specifically, they urge that each cohort should depend on its own savings. But this appeal to dessert would require disentangling the many sources of change that contribute to rising or falling economic fortune. It would not justify simply relying on individual or cohort savings, for they result from many factors other than moral dessert.

Since it is hard to see how a stable system could incorporate such factors in its scheme of benefits, it seems reasonable for cohorts to aim for approximate equality in benefit ratios and to seek other ways of persuading each other to act prudently over time. Each cohort, after all, has an interest in securing stable institutions that solve the age-group problem. Cohorts must therefore cooperate to achieve such stability. But cooperation will require some *sharing of risks* across cohorts. In general, the burdens of economic declines and of living through unfavorable retiree/employee ratios must be shared, as must the benefits of economic growth and favorable retiree/employee ratios. This suggests again that approximate equality in benefit ratios should be the practical target of public policy, if not a hard and fast rule.

My solution to the birth-cohort problem is open to another important objection. Birth cohorts, some argue, cannot be trusted to abide by a transfer scheme that ideally solves the age-group problem through intercohort transfers, because, as they age, they will use their increasing political power to revise the scheme in favor of their old age, benefiting heavily at both ends of the lifespan. Thomson (1989) suggests that a particular cohort has been greedy in just these ways in New Zealand, and that similar distortions have occurred in transfer schemes elsewhere. His argument is compatible with the view that this behavior is just the result of the special circumstances or opportunities that faced a particular cohort. But a stronger version of this objection insists that the pattern is general or inevitable. For example, some public choice theorists (e.g., Epstein 1988) have argued that large-scale, state-managed transfer schemes are sitting ducks for the self-interested behavior of aging cohorts, as their political power increases.

We should notice that not all cohorts behave in this way. More important, it is not obvious what the alternative is. If we avoid schemes that depend on intercohort transfers of the sort that take place in the U.S. Social Security system, then we still have to answer the question, how can social institutions facilitate adequate types and rates of savings? That is, we are back to the age-group problem, but we must now solve it by relying only on the resources of one cohort. Moreover, we are ruling out an important advantage offered by a system which involves intercohort transfers, namely that it tends to share risks more widely over time. Rather, we should take advantage of the fact that an equitable form of risk-sharing would be much more desirable than the results of "privatizing" the age-group problem for each cohort. (See Buchanan in this volume, however, for a view emphasizing the importance of not allowing intercohort transfer schemes to interfere with the general rate of savings in a society.)

Objections to unequal benefit ratios should not lead us to eliminate intercohort transfer schemes, at least not on the grounds that "equality" will then result. Making each cohort solely responsible for its own well-being over the lifespan will by no means ensure that different cohorts will fare equally well. Inequalities will come about because of uneven economic growth rates. It is not at all obvious that inequalities of benefit ratios in intercohort schemes will generate more intolerable forms and degrees of inequality than the inequalities that result when each cohort must depend on its own resources and good luck. Cooperation may be a better strategy than "go-it-alone," and the problem becomes one of institutional design and of securing a long-term commitment to schemes that are fair.

Several strategies are available for adjusting benefits so that we can achieve approximate equality in benefit ratios despite demographic shifts and other sources of uncertainty and error. One strategy is to build a cushion of unexpended benefits while the ratio of workers to retirees is still relatively high. This strategy has been adopted in some recent financing reforms of the U.S. Social Security system, though there is always a risk that these benefits will be a target of convenience for politicians seeking to relieve budget deficits.

A second strategy is more basic, for it involves rethinking some of the policies toward retirement that have dominated developed welfare systems in recent decades. Many current policies provide considerable incentives for older workers to withdraw from the work force well before any disability actually makes such withdrawal necessary. It is also quite difficult for older workers to find flexible, part-time employment that can reduce the need for drawing on income support benefits. Underlying these incentives and policies are both economic and moral considerations. Pushing older workers out of the work force in periods of unemployment, when there are large numbers of young workers seeking employment opportunities, may have seemed an acceptable way to ration jobs by age, or it may have seemed an appropriate way to make room for better-educated and potentially more productive workers in technologically advancing economies. These economic considerations may have been reinforced by the view that the elderly want to enjoy more leisure time. These underlying considerations should be reassessed.

Health status for the elderly remains quite good well into the mid seventies. Millions of elderly who would be happier with some form of meaningful work, at least on a part-time basis, find themselves facing forced withdrawal from the work force. At the same time, many European economies face a shortage of workers in the next few decades. Under these conditions, it may well be wise to consider revising the existing benefits and incentives that lead workers to withdraw from the work force early. The new shape of a life, with many vigorous and healthy years extending well beyond standard retirement age, means that we must revise our antiquated conception of the typical course of life.

In the United States, compulsory retirement ages have been raised or eliminated, at least for large categories of employment, and this may encourage some reassessment of the employability of older workers. It may not be enough, however, simply to eliminate legal or quasi-legal barriers to the employment of willing, elderly workers. Rather, we may have to encourage the emergence of flexible employment practices that accommodate the needs of older workers. Such practices may become an increasingly important way of ensuring the welfare rights of an aging population.

Conclusion

I have offered a rather abstract and general description of two problems of distributive justice highlighted by the aging of society. Solving them gives us a way to clarify the content of welfare rights and to resolve disputes about intergenerational equity. It would be easy in this paper to lose sight of the most important aspect of my approach: I offer a unifying vision. We all pass through institutions that distribute goods over our lifespan. If these institutions are prudently designed, we each benefit throughout our lives. It is only prudent to treat ourselves differently at different stages of life, as our needs change. What is prudent with respect to different stages of a life determines what is fair between age groups. Prudence here guides justice. If as policymakers, planners, and the general public we can all keep our eye on this unifying vision and if we can ignore the divisive talk about competition between age groups and birth cohorts, then our target will be policies that benefit all of us over our whole lives. Establishing such policies would mean doing justice to the old and the young. If such policies are stable and benefit successive cohorts in comparable ways, then we have gone far toward ensuring justice across generations.

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Chapter 12

Justice Between Neighboring Generations

Dennis McKerlie

This paper discusses justice between neighboring generations—for example, between our parents' generation and our own generation. The lives of the members of these generations significantly overlap. They might spend parts of their lives dependent on the members of an earlier or a later generation, when they are children or very old, but for most of their lives they will cooperate and work with members of other generations. If principles of justice exist at all, they should apply between the generations.

I will assume that we accept some egalitarian principle of justice. An egalitarian principle is committed to equality or to giving priority to the interests of people who are worse off. This is a very strong assumption to make, but it is unavoidable if I am to discuss how this kind of principle applies between generations. However, I will not assume that equality takes priority over all other values. What I say should still interest those who believe that egalitarianism has a very limited role in determining public policy.

Any society contains a complex pattern of inequality. One thread in the pattern is the inequality between people of different ages. Typically, the young and the old fare differently. I refer to this inequality as inequality between age groups. Inequality between age groups is just inequality between the members of different generations at a time in their lives or for a period during their lives. The inequality results in part from natural causes, but it is also influenced by social institutions. For egalitarians, it raises an issue of justice.

Part of the issue concerns the temporal scope of the egalitarian principle. When we think about fairness, how much of peoples' lives should we consider? More particularly, is egalitarianism only interested in comparing the entire or complete lives of the people who fall under its principle?

Although this question is important, it has not been extensively discussed. However, the three most influential egalitarian writers decisively answer it. John Rawls, Thomas Nagel, and Ronald Dworkin agree that egalitarianism is concerned with complete lives. Rawls's difference principle deals with the complete life prospects of social and economic classes. It tells us to maximize the life prospects of the worst-off group so as to make their predictable share of goods summed over the full course of their lives as great as it can be (Rawls 1971, 78, 92–95, 178). According to Dworkin, our aim as egalitarians should be to ensure that each life receives an equal share of resources. To test for equality we must take into account every part of peoples' lives, and not compare their shares of resources at particular times or during particular stages of their lives (Dworkin 1981, 304–05). Nagel says (citing Rawls in support) that the subject of an egalitarian principle should be the prospective quality of our lives as wholes, from our birth to our death (Nagel 1991, 69).

If they are right we should think about justice between generations in the following way. Suppose that we are considering a complex society with a state-supported Social Security plan and a health care system with special provision for the elderly.[1] Peoples' shares of resources at different ages will be shaped by these institutions. When they are young they might figure mainly as contributors to the system, after retirement they might primarily be recipients of its benefits. According to Rawls, Dworkin, and Nagel, all that matters in assessing the justice of these institutions is whether they create inequalities between the complete lives of the people who live under them.

Obviously, the system treats people in different ways at particular times. If in general it works to redistribute resources from the young to the elderly, at any given time it favors the members of one generation over another. But as time passes people will take their turns as members of the different age groups. Thinking about their lives diachronically, the pattern of their gains and losses is the same. According to the standard version of egalitarianism, no one is treated unfairly. Those who are relatively disadvantaged at one time are fully compensated by receiving appropriate relative advantages at other times. The inequality between age groups disguises a more fundamental equality between people.

We secure justice between generations by designing institutions that will treat the members of neighboring generations fairly, taking into account all of the benefits and harms that they receive over the complete course of their lives. This fairness might require treating people of different ages in different ways. Equality between generations can involve inequality between the age groups that the generations constitute. But it is equality between generations that matters. It rules out differences in the quality of the complete lives of the individuals who make up both age groups and generations.[2]

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[1] As many historians have argued, these institutions might not have been created with a view to justice, let alone egalitarianism. They might have been designed as savings plans to help people budget their resources over a lifetime. But whatever additional goals the institutions might promote, we will want them to treat people fairly.

[2] The focus on complete lives is not confined to moral philosophy; it is shared by writers who approach the issue from the points of view of economics, sociology, and social history. For example, David Thomson defends the provocative thesis that in Western democracies a particular generation has periodically adjusted the institutions of the welfare state to further their own interests (see Thomson 1989, 1992). Thomson seems to take it for granted that if the changes he describes did cause the inequalities between the complete lives of members of different generations, they were unjust.

The case for thinking in terms of complete lives has force for any moral view, not just egalitarianism. But there is a special connection with egalitarianism. Many people think that egalitarianism is rooted in the moral importance of the difference between benefits and burdens experienced by the same person and benefits and burdens experienced by different people. In the intrapersonal case, benefits at one time compensate for harms at other times. According to this view egalitarianism holds that compensation is not possible in the interpersonal case. If one person is benefited and someone else is harmed, the benefit does not simply morally outweigh the harm, even if it is greater than the harm. That is why we must treat the two people equally. If intrapersonal compensation were as problematic as interpersonal compensation, giving one person two benefits and the other two harms would not be worse than giving each of them a benefit and a harm.[3] Egalitarianism depends on the importance of the unity of a single life and the related importance of the difference between different lives. This importance obliges us to treat people equally; it also requires that we should consider each life as a whole before we think about the relationship between different lives. It seems that the foundations of egalitarianism involve the feature that makes it concentrate on complete lives.

The concern with peoples' complete lives is persuasive. We should agree that justice between generations includes a principle of equality for complete lives. But there are also reasons to think that the complete-lives version of egalitarianism leaves out something important. I will explain the reasons and consider some revised egalitarian views that respond to them.

Complete-lives egalitarianism uses judgments that sum up a life as a whole, combining its good parts and bad parts. Suppose that people who are now elderly and in difficult circumstances were prosperous in the past. Younger people are much better off and will continue to be better off in the future. It might still be true that, if we compare complete lives, their complete lives are not as desirable as the complete lives of the elderly. In this case, complete-lives egalitarianism tells us to help the younger people. We should take resources away from the elderly and give them to the young. Instead, some of us will think that we should give priority to helping those who are now, and will be, worse off.

The complete-lives view allows the members of different generations to be treated in radically different ways at particular times. In theory, it raises no objection to permitting the elderly to live in poverty while their younger contemporaries are affluent. The inequality is not wrong as long as the members of the later generations will face the same extreme hardships themselves when they are old. To be more precise, the view says that there is no complaint of injustice against this policy; perhaps it can be criticized for not using resources in the most efficient way. Defenders of complete-lives egalitarianism will claim that the belief that the example does involve an injustice is an illusion produced by not fully understanding the ideas that motivate their view. Nevertheless, some of us would refuse to accept such extreme inequality between the young and the old.

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[3] This explanation of egalitarianism originates in Rawls's charge that the utilitarian view, by contrast, ignores the moral importance of the separateness of persons (Rawls 1971, pp. 27-33).

These cases suggest that we care about how resources are divided between people at different times during their lives, independently of making their complete lives equal. We are at least tempted to apply egalitarian principles to temporal units that are less than the complete lives of the people concerned. To support these judgments about the examples, we need a version of egalitarianism that can explain this concern.

One proposal comes from Norman Daniels, who has formulated the only fully worked-out theory of justice for age groups.[4] Daniels agrees with the complete-lives view that we should think about peoples' lives diachronically when we consider distribution between age groups. And he initially seems to agree with complete-lives egalitarianism about the moral consequences of this way of thinking. Inequality between the young and the old is not wrong in itself if the people who are worse off now are compensated before or later. Daniels suggests that this means that distribution between age groups is not really a problem of interpersonal justice. At a given time the different age groups have different members, so a distributive principle for age groups does in fact transfer resources from some people to others. But since everyone is first young and then old, there is a more important sense in which a distribution between age groups does not cross the morally crucial boundary between different lives. We are not forced to choose between the conflicting claims of different people, the young and the old, in the way we might have to choose between the claims of men and women.

The complete-lives view would conclude that there is no problem of justice between age groups. What is not interpersonal justice is not a matter of justice at all. However, Daniels draws a different conclusion. He suggests that distribution between age groups is morally equivalent to, or reducible to, distribution between the different temporal stages of a single life. The apparently interpersonal problem of distribution between the young and the old can be reduced to the intrapersonal problem of dividing resources between the stages of youth and old age inside one life.

Inside a life there are no moral constraints on how resources are divided between its parts. It makes sense to let prudence—rational self-interest—budget the resources in the way that would best promote the overall quality of the life as a whole. If we accept Daniels's reduction, we will think that society should distribute resources between age groups in the way that prudence would assign them to the corresponding temporal stages of one life. Prudence provides the standard for fair distribution between people of different ages. It is a matter of justice how resources are distributed between the young and the old, and prudence applied to a single life shows us what a fair distribution would be. Daniels calls his theory the "prudential lifespan account" of justice between age groups.

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[4] See Daniels 1988. The basic ideas in Daniels's theory are explained in his chapters 1, 3, 4, and 7.

The prudential lifespan account will only avoid the objectionable consequences of the complete-lives view if prudence would distribute resources roughly equally over the stages of one's life. Daniels thinks that it would, or at least that it could, veto extreme inequality between age groups. I suspect that the distribution chosen by prudence would treat the very old harshly.[5] But rather than pressing this objection, I will consider the persuasiveness of the theory as an account of the ideas that we should use in thinking about justice between age groups.

Does the theory legitimately convert distribution between people of different ages into a simpler question with a straightforward answer, or does it miss what is puzzling about the issue? I think it does the latter. My doubts begin when we ask who has the claims of justice that the prudential lifespan account asks us to respect. Daniels cannot say that the claims are the claims of individuals. If the claims did belong to individuals—for example, to the people who are old—then the issue would after all be one of interpersonal justice. So Daniels's view is that the claims belong to the age groups themselves. An age group is distinct from the particular generation that constitutes it at a given time and distinct from the individuals who make up that generation.

It seems to me unconvincing to treat age groups, once they have been distinguished from individuals, as the subjects of claims of justice. We do not have moral obligations to old age as a category that people belong to, even if we do have obligations to the people who are old. This is not to deny that there might be claims of justice that require redistribution from young people to the elderly. But if these claims exist, they should be interpreted as the claims of the people who are old. They are part of interpersonal justice.

Once we recognize these claims we are breaking decisively with the complete-lives view. We are changing the temporal scope of egalitarian principles and acknowledging claims of justice that apply to temporal parts of peoples' lives. The prudential lifespan account does not explain the source of these claims. It thinks in the way the complete-lives view does when it reduces distribution between age groups to intrapersonal distribution. So it does not explain why there should be additional constraints on distribution between the parts of lives, once complete lives have been treated fairly. It does not say what it is about the nature of our lives, or about the moral concern for fairness, that generates the extra constraints. And the theory is also questionable as a description of the content of these claims. The appeal to prudence is understandable as long as we accept the basic assumption of the complete-lives view—that resources can be divided between age groups in any way that preserves fairness between complete lives. When we have rejected that assumption, why should we think that prudence will reveal the principles of justice that do apply to parts of peoples's lives?[6]

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[5] My reasons for thinking so are given in McKerlie 1989b.

I have suggested that the prudential lifespan account is not a convincing alternative to the complete-lives view. It seems to be a compromise between the complete-lives view and a view that would make distribution between the young and the old fully a matter of interpersonal justice. To explain why justice requires a fair distribution between age groups, we need a theory that challenges the basic ideas of the complete-lives view.

Derek Parfit does challenge the complete-lives view (1986, 837–43, 871–72; 1984, 339–45). He does not discuss justice between age groups, but his ideas apply to the issue.

According to the complete-lives view, people who bear a burden during one part of their lives can be compensated by benefits at other times. This moral claim depends on the assumption that personal identity holds through all the stages of what is ordinarily thought of as one life; the same person receives both the harm and the benefit. Parfit questions the assumption. He argues for a revision of our ordinary view of what personal identity is and how important it is. Parfit thinks that personal identity consists in psychological relations of continuity and connectedness holding between experiences. There is no more to our identity than that; personal identity can only have the importance that those relations themselves have. Psychological connections hold to varying degrees between the different temporal parts of a life. For example, the links between middle age and old age are stronger than the links between old age and adolescence. So the moral and rational concerns that depend on those relations will also hold to varying degrees. Whether a future benefit fully compensates me for a present harm will depend on the strength of the psychological connections between me now and me when I receive the benefit. Sometimes Parfit draws a stronger conclusion.[7] He suggests that the possibility of intrapersonal compensation depends on there being more to personal identity than psychological connections. If the psychological connections are all that there is, we should abandon our belief in intrapersonal compensation.

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[6] Daniels's view will have difficulty explaining why it might sometimes be right to reduce inequality between age groups by policies that would create inequalities between the complete lives of the successive generations or birth cohorts who financially support the policies. Daniels suggests that justice between age groups is more fundamental than justice between generations (Daniels 1988, 135-36; 1989, 59, 68-72), but the ideas behind the prudential lifespan account seem to support the opposite conclusion.

[7] Parfit draws the stronger conclusion in his 1986 article, "Comments," page 840.

This theory of personal identity explains Parfit's disagreement with complete-lives egalitarianism. He denies the essential unity of our lives, so he rejects the consequences for rationality and morality that are supposed to follow from that essential unity. Hardships during one temporal stage of a life cannot be made good by benefits in its other temporal stages. If there is no intrapersonal compensation, complete lives are not the appropriate units for the application of the egalitarian principle. Instead, Parfit applies the egalitarian principle to temporal parts of lives, or to the experiences of particular people at particular times. We should be concerned with improving the worst parts of peoples' lives. If the elderly are currently worse off than others they deserve our help, regardless of how well off they were in the past.

Parfit agrees that egalitarianism is rooted in the significance of the difference between intrapersonal compensation and interpersonal compensation. He thinks that his theory of personal identity has two different consequences. It changes the temporal scope of egalitarian principles in the way I have described. But, since the difference between intrapersonal compensation and interpersonal compensation has itself been undermined, it also leads us to give less importance to egalitarian principles. We should care less about the distribution of good and bad things between different people (whether at particular times or throughout their lives), and care more about creating more of what is good and less of what is bad in an impersonal way.

Parfit's view avoids the problems of the complete-lives view, but at a high price. We must change our minds about personal identity and reject prudence as well as complete-lives egalitarianism. I cannot assess his arguments in this paper, but I think that we can agree with his explanation of personal identity without accepting the consequences on which he bases it. We can believe that there is no more to personal identity than the psychological connections that he describes (whether or not this is the best theory of personal identity), without believing that intrapersonal compensation is impossible. Parfit's persuasive points should lead us toward the next view I describe. It can explain what is attractive in his position while avoiding the extreme consequences of his theory.

The third alternative to the complete-lives view uses a different strategy.[8] Unlike Daniels's view, it thinks of inequality between age groups as inequality between different people. It defends a principle of interpersonal justice that would object to this inequality for its own sake. Unlike Parfit's view, it disagrees with the moral claim made by the complete-lives view. It does not resist the moral claim by attacking the beliefs about personal identity on which it depends. And it does not provide a reason for giving less weight to egalitarian principles.

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[8] This view is explained in McKerlie 1989a, where it is called the "simultaneous segments view."

This view starts from the idea of equality, not the idea of prudence or personal identity. Many of us would agree that equality is a good thing, but there is more than one way of understanding what it means. The complete-lives view is one interpretation of equality. We must take every part of peoples' lives into account when we think about what it would mean for there to be equality between them. We should consider their lifetime shares of goods and evils. Only differences in these lifetime totals count as objectionable.

However, this is not the only way to think about equality, and sometimes it is not the most natural way. Suppose that in a marriage the husband makes all the important decisions. If we care about equality, we will hope that his wife eventually has the chance to assert herself. Perhaps she could become the leader in the second half of their marriage. Then, considering the marriage as a whole, their shares in decisionmaking and responsibility would be equal.

But even if the marriage does change in this way, it will not be an ideal marriage. It is not the best kind of marriage because the couple never do live as equal partners. They never share decisionmaking and responsibility. It would be a good thing if their totals of these goods, summed over the entire marriage, were equal, but it would not erase this defect. The example seems to show that, although we care about equality over the marriage as a whole, we also want there to be equality between the couple as they live through the marriage. It might be even better if the marriage changed to make them equal partners, although this would give the wife a smaller total share than her husband.

Using this example, we can reconsider the society that treats people of different ages in very different ways. If it applies its policies consistently, peoples' complete lives will turn out roughly the same. Nevertheless, we can truthfully say that there is a great deal of inequality in this society. At a given time, and for long stretches of their lives, people are unequal. The inequality occurs during their lives, and it is not revealed by thinking diachronically and comparing the overall quality of their complete lives.

If we apply the egalitarian principle to this inequality, we are putting requirements on how resources are distributed between the temporal stages of different lives. But this is not because we are attaching some special significance to temporal stages of lives as such. We are not treating a temporal stage of a life as if it were itself a person with moral claims of his or her own, in the way that Parfit's view does. We object to inequality between the parts of lives because we count it as objectionable inequality between people themselves.[9]

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[9] I agree with Thomas Nagel (1979, page 124, footnote 16)—the impulse to distributive equality can arise when we think about the difference between two lives at one time. But I disagree with Nagel's second claim, that once the egalitarian principle has arisen personal identity determines the size of the temporal units over which it operates (Nagel and Parfit agree on that, although they disagree about what the relevant units are because they disagree about personal identity). I suggest that egalitarianism might include a concern for distribution between temporal units that are smaller than the units picked out by personal identity.

The crucial question is whether it is right to apply egalitarianism to this kind of inequality. In my examples the people who suffer disadvantages at one time are compensated by advantages at another time. Although there is inequality during their lives, it does not do any harm. No one is worse off because the inequality exists. If the inequality does not harm anyone, why should we object to it?

This objection seems powerful, but I think it can be answered. One kind of egalitarianism opposes inequality for its own sake. It claims that a significant difference in the quality of the lives of different people is bad in itself. Egalitarians of this sort might object to inequalities between complete lives that did not harm those who were worse off under the inequality. If we accept their view, we can also object to inequality between parts of lives that do not harm anyone.

This way of valuing equality will not be endorsed by everyone.[10] Many people will feel that an act or a policy can only be wrong if it makes some peoples' lives worse than they would otherwise have been. But it is worth mentioning that some other moral views say that things can be bad even if they do not harm specific individuals. The retributive theory of punishment thinks it is a good thing if a crime is matched by a corresponding punishment, even if the punishment does not benefit anyone.[11] We might not agree with retributism, and it is not very analogous to the question about equality that I am discussing. But the comparison has some value in questioning the general claim that inequality can only be wrong if it does harm.

The egalitarian view that I have explained will agree that the difference between gains and losses experienced by the same person and gains and losses experienced by different people is crucial to egalitarianism. The claim to equality holds only between different lives, not within lives. The controversial feature of the view is that it applies the claim to the temporal parts of different lives. But it does not do this because it assumes that benefits cannot compensate for harms inside one life. It agrees that the benefit compensates for the harm, but it claims that the benefit and the harm might create inequalities with other lives that are themselves morally important.

The view expresses a special kind of moral concern: concern for equality between different people. What is true of other kinds of moral concern—for example, the concern with improving the quality of peoples' lives—might not be true of this concern. People might not lose in terms of the overall quality of their lives if they choose a system that treats people of different ages in very unequal ways. So rational self-interest and benevolence—the moral concern that tells us to make peoples' lives better—do not find anything to object to in the system. But a different kind of moral concern might object. If we care about the existence of a certain relationship between lives—equality—for its own sake, we might object to the inequalities that occur during peoples' lives even though they do not make their lives worse. If benevolence and egalitarianism deal with different subjects, they might differ in what they say without either being unreasonable.

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[10] Rawls states the difference principle as a principle about equality (1971, 60), but he is interested in improving the situation of the worst-off people, and not achieving equality for its own sake. He does not object to inequality that benefits the worst off (1971, 78-79), and it is not clear that he would object to inequality that does not harm them (see his discussion of the lexical difference principle [1971, 82-83]). On the other hand, Nagel thinks that inequality can be objectionable even if it benefits some and does not harm anyone (1991, 106-08).

[11] The comparison with the retributive theory of punishment is made by Parfit, unpublished manuscript.

I think that it is reasonable to care about equality during our lives.[12] This view gives the best explanation of the existence of constraints on distribution between age groups. It grounds them in a principle of interpersonal justice, while the prudential lifespan account leaves them unexplained. And it does not force a wholesale revision of our beliefs about ourselves, rationality, and morality.

Justice between generations is deeply controversial. When we look to egalitarian writers for help, we find a shared picture of how to think about the issue, even if we do not find agreement on particular conclusions. Egalitarianism looks at peoples' lives as wholes, from their birth to their death. It considers lifetime scores of well-being or resources, and it uses them to answer questions about fairness. Institutions should be designed to make people as equal as possible when we look at their lives from this timeless point of view. The members of one generation may be living in poverty while the members of another generation are affluent, but unless these differences register as differences in the quality of complete lives they are not unjust.

I have argued that this shared picture is mistaken or at least incomplete.[13]

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[12] In "Equality and Time," I said that the view that objects to this inequality is really concerned with equality between complete lives; it differs from what I have called the complete-lives view because it measures the inequality between complete lives by adding together the inequalities holding between the simultaneous temporal parts of those lives (1989a, 481, 487-88). I now think this was a mistake. The view does not offer a rival answer to the question of how much inequality there is between complete lives. It objects to inequality between the temporal parts of lives as such—that is, as being inequality between parts of lives. This characterization of the view makes it easier to understand how we can hold both it and the complete-lives view. If an inequality between two people lasting for twenty years is morally important for its own sake, it does not follow that it is unimportant whether there is equality between them in terms of their complete lives. We can consistently think that both temporal units have moral significance in the sense that inequality over the twenty-year period and inequality over complete lives both matter.

[13] Even writers who emphasize the need to think about lives diachronically when considering justice between generations sometimes feel that the present circumstances of people of different ages can be relevant to the issue of justice. For example, David Thomson's (1989, 52-53; 1992, 232-33) criticism of the "welfare generation" does not simply claim that they have done better than their predecessors and successors in terms of complete lives. He admits that redistribution from the current young to the current elderly might nevertheless be justified if the elderly had fewer present resources. So he also argues that those who are now old are not in fact worse off in terms of their current income and savings. I have discussed principles of justice that could explain this reluctance to think exclusively in terms of complete lives.

What happens to people at times in their lives can raise issues of justice in their own right, even if it does not register when we assume the point of view of complete-lives egalitarianism. We might decide that there should be equality between people during their lives, that a serious inequality sustained for twenty years is objectionable simply for what it is in itself. If these moral claims are legitimate, we should respect them in designing our institutions. There are constraints on just distribution between age groups that are independent of, and can compete with, the concern for fairness in terms of complete lives. A system that rewards one age group and penalizes another might ignore the claims of the people who deserve to be helped the most or create inequalities that do matter.[14]

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[14] Some people fear that theories about justice between generations, or justice between age groups, will be sabotaged by problems about deciding where one generation ends and a new one begins, or by differences in the way that different cultures understand generations and age groups. If I am right, these problems are not fundamental. The ultimate subjects of both kinds of justice are individuals: justice between generations is a matter of treating people fairly in terms of their complete lives (of course, this kind of justice also applies to members of the same generation), while justice between age groups is a matter of treating people fairly in terms of temporal parts of their lives (we can also violate this kind of justice in how we treat people who are the same age, as in the marriage example). So, at the most basic level, the principles of justice do not require us to draw sharp distinctions between different generations or different age groups.

Chapter 13

Discussions

Comment on Daniels and McKerlie

Tyler Cowen

Introduction

I found the papers by Norman Daniels and Dennis McKerlie to be well-written and stimulating treatments of an important problem: How are we to determine the moral claims of the elderly? As an economist, I find these two authors to be among my favorite contemporary philosophers. Each delves into the heart of an issue and presents compelling arguments for a systematic philosophic approach.

Although both Daniels and McKerlie make strong arguments, I do differ from the positions taken by each author. In this comment I attempt to outline my differences and offer some general remarks about how to approach our obligations to the elderly. I use Daniels's "Prudential Lifespan Account" as the organizing topic for my remarks and throughout refer also to the views and arguments of McKerlie. I start with Daniels because much of McKerlie's paper is a comment on Daniels.

Throughout my remarks, I refer to three different philosophical views relevant for the intergenerational allocation of resources—contractarianism, egalitarianism, and the basic-needs approach. (For purposes of exposition, I will oversimplify these views.) Contractarianism suggests we implement the alternative that individuals would choose under certain hypothetical circumstances (these circumstances vary with different contractarian theories; I thus interpret contractarianism very broadly), egalitarian theories argue for the equalization of well-being, and the basic-needs approach suggests we have a primary obligation to alleviate suffering and deprivation. As I argue below, the egalitarian and basic-needs approaches can differ substantially.

As I read Daniels, he is attempting to derive the conclusions of the basic-needs approach from a modified version of contractarianism. Daniels is not a contractarian in the sense of Rawls or Buchanan. He does, however, rely upon hypothetical thought experiments to support moral standards.

As I read McKerlie, he is assuming the egalitarian approach and asking how these principles should be applied to the elderly.

My arguments contain three main threads:

- Contractarian approaches can easily generate quite harsh or neglectful treatment of the elderly. (By contractarian standards, however, this conclusion is not necessarily distasteful.)
- To whatever extent we wish to give priority to the claims of the elderly, we should do so through a basic-needs approach, and not through egalitarianism.
- Daniels's prudential lifespan account need not imply significant government redistribution toward the elderly or governmental guarantees of access to medical care.

I consider first the principle of intergenerational allocation supported by Daniels. Daniels claims that the principles that guide the rational allocation of resources throughout a single life also should guide the allocation of resources across different age groups at the same point in time. Daniels starts with a hypothetical thought experiment and extrapolates the results of this experiment to real-world resource allocation. Daniels calls this the prudential lifespan account; I refer the reader to Daniels's paper and book for a full explanation (Daniels 1988).

In the discussion that follows, I will take the prudential lifespan account (henceforth, the account) literally, perhaps too literally. Without a literal interpretation, I do not see how the account provides specific guidance for the allocation of resources across different age groups. I am not prepared to reject the account as a theory of intergenerational justice, but I do present problems that a modified version of the account would have to address, if we are to accept the account.

I now move to four concrete questions in order to evaluate the account. First, how does the account treat the interests of the elderly? Second, can choices within a lifetime be extrapolated to choices across different individuals? Third, if an individual voluntarily chooses an intertemporal distribution that results in elderly poverty, should we attempt to revise the results of this decision when the poverty arrives? Fourth, what are the implications for government policy?

Does the Account Favor the Elderly?

The account implies neglect of the elderly and nonegalitarian results in commonplace situations. These examples do not rely upon extreme assumptions or implausible scenarios, as we sometimes find in the philosophical literature, but rather are drawn from everyday choices we confront.

Consider, for instance, the application of the account when individuals choose or influence the length of their lifetime. An individual may have the choice of living very happily for seventy years or of living only a moderately happy life of eighty years, depending upon his or her rate of savings. This individual, with all rationality and prudence on his or her side, chooses the very happy life of seventy years. That is, he or she chooses a very concentrated distribution of well-being for the first seventy years and zero well-being for the years seventy to eighty (and onward). Assume also that other individuals in society, if faced with a similar choice, would do likewise. If the reader feels that considering a variable length of life introduces extraneous issues into the analysis, we can reformulate these examples to keep the length of life constant. Rather than dying in his or her seventieth year, the individual could slip into a coma, enjoying nothing but also suffering no pain.

Given these facts, we are now faced with an interpersonal resource allocation problem. We must allocate wealth between a thirty-year-old and a seventy-five-year-old. Perhaps the seventy five-year old is simply lucky enough to have lived beyond his or her chosen lifespan.

The account, as I understand it, implies neglecting the claims of the seventy-five-year-old. When making choices within a lifetime, individuals preferred to concentrate their well-being in young ages rather than spread out their well-being past their seventieth year. If interpreted very literally, the account would even imply redistribution from the seventy-five-year-old to the thirty-year-old.

Other conundrums are generated by considering the use of a positive discount rate for the intertemporal distribution of well-being. We might, for instance, prefer to experience a great event at the age of thirty rather than at the age of sixty, all other things being equal. When there is discounting, the smoothing of marginal utilities throughout our lifetimes can imply bunching consumption in our youth.

What level of wealth should be used to define the account? Should we use current wealth levels, the wealth of the previous generation, the wealth of the next generation, or some weighted average of the above? The wealth level chosen affects the results produced by the account. How we wish to distribute well-being through a single life depends upon the entire pattern of well-being in that life. In lives with a low level of well- being, for instance, we may place great weight on having a continually rising level of well-being through life. With a higher level of well-being, however, we may place less weight upon the desire for ever-increasing welfare. The reader can imagine other examples of his or her own.

For this reason, the presence of positive discounting implies neglecting the claims of the elderly. If individuals place very little weight upon the resources they will receive when they are old, the account will weight the claims of the (current) elderly downward.

Here we see a potential difference between intra- and interpersonal resource allocation. For the case of intrapersonal allocation, an individual must wait for the benefits he or she will receive at the age of seventy. When we are determining resource allocation for age groups now, the seventy-year olds do not have to wait to enjoy whatever they receive.

In response to the discounting examples, it might be argued that the discounting of well-being is irrational. Perhaps a rational and prudent individual would never apply a positive rate of discount to future consumption. While I am sympathetic to this argument (see Cowen and Parfit, in press; see also the appendix to Daniels 1988), it places too much weight upon the judgments of the external moral observer and not enough weight upon the hypothetical individual choices that motivate the account. When I argue that a positive rate of discount is irrational, I usually convince only philosophers, rarely economists or laypersons. When we impose zero discounting as a condition of rationality, the account becomes swallowed up by an external moral theory, which we might as well apply directly.

The account also neglects the claims of the elderly when we consider uncertainty about the length of life. I do not believe that I will live to one hundred and thus do not provide for these years. Does this mean that the claims of one-hundred-year-old individuals should receive little weight? In another comment upon Daniels, Dennis McKerlie makes a similar criticism of the account (see McKerlie 1989b).

Unlike discounting based upon time preference, it is difficult to argue that discounting based upon uncertainty is irrational.

The issue of uncertainty points out an important disanalogy between intra- and interpersonal choice. For intrapersonal choice, an individual does not know how long he or she will live. When we compare a current twenty-year-old to a current eighty-year-old, we already know that the latter individual will live at least until eighty.

We might adjust for uncertainty by giving the hypothetical chooser of the account perfect knowledge. Yet, in doing so, we distort the distribution of resources away from what voluntary choices would be preferred. The pattern of resource allocation that we would choose under certainty is not appropriate for a life of uncertain length.

Uncertainty suffuses our choices to such a great degree that certainty-based preferences might bear scant relation to the real world preferences that we are seeking to satisfy. If I knew I would die in my seventieth year, for instance, the consumption of material goods in my sixty-ninth year would afford me much less pleasure than if my forthcoming death were to take me by surprise. With a certain length of life I would bunch all of my consumption in younger years, knowing that my later years would in any case be plagued with obsessional thinking about impending death. For further general criticisms of the use of thought experiments that increase the information available to participants, see Tyler Cowen, "The Scope and Limits of Preference Sovereignty" (1991).

Can Intra- and Interpersonal Analogies Handle Psychological Connectedness?

The principles that guide allocation of well-being within a single life and across different age groups differ because of the psychological interconnectedness of a single life. The well-being an individual experiences at age thirty affects his or her entire life. Memory, learning, and the appreciation of life all imply that we cannot define temporally separable quantities of well-being. My well-being at age seventy is influenced by my previous well-being at thirty.

In contrast, the well-being of one individual at age thirty does not generally influence the well-being of another (contemporaneous) individual at seventy—at least if the individuals are strangers. My well-being at thirty may influence the well-being of another at seventy if we are altruists, or if I cooperate with the seventy-year-old in some endeavor. Nonetheless, these interaction effects differ from the well-being interaction effects that arise in a single life. This argument does not require that we challenge Derek Parfit's view of personal identity. Parfit argues that there is no difference in kind between a "person" at different stages of life and a different person. I accept Parfit's view, but even under Parfit's view, there is still significant psychological connectedness or "externalities" within a single life.

Different kinds of interaction effects distinguish interpersonal allocation problems from intrapersonal allocation problems. While the difference is only one of degree, this difference in degree may have important consequences for practical problems. I now consider some specific examples of how psychological connectedness can distinguish intrapersonal resource allocation from interpersonal resource allocation.

Conundrums and Counterexamples

Consider first prudent and rational individuals who prefer to bunch their good experiences in the later years of life. These individuals know that when they are young, even though they are poor, that they can look forward to a better old age. Along these lines, I, like the characters of Proust, often wish to postpone good experiences to receive the joy of anticipation. More generally, work in psychology strongly suggests that individuals prefer rising consumption patterns for expectational reasons.

If we now apply these preferences through the account to an interpersonal allocation problem, we are inclined to tax the young to subsidize the consumption of the old. Yet, giving resources to the current old does not have the same effect as an intrapersonal postponement of consumption. When we give the resources to the elderly today, these individuals receive no additional joy of anticipation in their youth and no additional expectational benefits.

Expectational factors do imply that we should announce to the current young that they will receive bonuses when they are old. But expectational factors do not imply that we should transfer resources to the elderly now, who have already aged and will receive no expectational benefits. Even in the former case there is a problem of time consistency. The optimal policy may be to promise bonuses for the future, allow individuals to enjoy their expectations, and then refuse to deliver the bonuses when the time comes. When expectations provide pleasure, the optimal delivered bonus will generally be less than the optimal promised bonus.

Expectational factors create an asymmetry when we apply intrapersonal resource allocation decisions to interpersonal decisions; expectations can only be forward-looking. These expectations factors influence intrapersonal decisions taken in our youth, but do not arise in simultaneous interpersonal decisions. As a result, the account in this instance weights the claims of the young too heavily.

Should We Place Any Weight Upon Equality at All?

Whereas Daniels focuses upon the concept of a prudent allocation, McKerlie focuses more directly upon the issue of equality. In his view, our obligations to the elderly are determined not by the account (which he rejects) but rather by the value of equality. McKerlie argues that equality is a valuable goal and that we should include time-slice approaches to our measurements of inequality. That is, we should consider whether individuals are equal at each point in time, rather than simply summing up and comparing their entire lives. If I understand McKerlie correctly, he is not arguing that lifespan equality does not matter at all. Rather, he is arguing that lifespan equality does not capture all or even most of our egalitarian intuitions. McKerlie (1989a), in an earlier seminal paper called "Equality and Time," contrasts the lifespan and time-slice approaches to inequality in more detail.

Each approach yields counterintuitive conclusions in different cases. The lifespan approach, taken alone, would consider as equal a society where individuals spent half their lives as masters and half their lives as slaves. The time-slice approach, taken to extremes, finds inequality in the fact of dental appointments. While some individuals are sitting in the dentist's chair, others outside are making love, enjoying themselves. No single time frame for measuring equality avoids counterintuitive conclusions. For McKerlie, equality is a complex quality that requires that we take many different factors and measurements into account.

I enjoyed McKerlie's comment and his paper "Equality and Time" (1989a) very much, but I draw a different conclusion from his analysis. I conclude that we should not pay attention to equality at all. The difficulty of defining the time frame properly is not evidence for the complexity of equality; rather, it is evidence that equality is not what we really care about.

I do believe we should give special moral consideration to the claims of the indigent and deprived. Such claims are consistent with a basic needs approach. But these claims have nothing to do with equality. Individuals with a low absolute standard of living may have special claims. But the strength of these claims is unrelated to how much better off other individuals are. Why should it be? Two caveats are in order here. First, the presence of the rich may make it easier to finance the claims of the indigent and thus imply greater redistribution. But this is not the egalitarian argument. Additional wealth lowers the cost of satisfying the claims of the indigent but it should not increase the benefit of doing so. Second, the claims of the indigent may be related to the status of the rich if the indigent feel envy. This fact, however, is already accounted for by the good of utility. We need not invoke a separate value for equality.

The difference between the basic needs approach and egalitarianism can be illustrated by a simple example. Assume that society is divided into two groups: the rich and the poor. Assume also that the rich have some obligation to the poor. The quality of national income accounting improves and we now discover that the rich are less rich than we had thought (although they can still afford to support the poor). Has the benefit of supporting the poor declined? Again, we *can* argue that the cost of supporting the poor has increased if the tax burden on the now not-so-rich is higher. But this is not the egalitarian argument; this is simply cost-benefit analysis. I would argue no; egalitarian approaches must argue yes.

Egalitarian approaches link the claims of the indigent to an external, objective measure of differences in living standards. I see these external measures as irrelevant to human welfare. Instead, I see special claims as arising from the suffering that exists at any moment in time. In this regard I agree with McKerlie's emphasis upon time-slices although I differ with his egalitarian foundation. Egalitarianism, by focusing our attention upon differences among individuals, rather than the suffering of concrete individuals, misrepresents the claims of the indigent.

The Elderly and Economic Policy

Returning to Daniels, I believe the account supports modified laissez-faire in medical care provision and not national health insurance. I see a tension between Daniels's policy conclusions and his thought experiment; despite his policy conclusions, his approach is more conducive to the use of market incentives. The approach of McKerlie is more likely to serve as a normative justification for national health insurance. I oppose national health insurance on practical grounds (I do not think it works well), but I take seriously the moral argument that individuals have a right to adequate medical care.

Assume that we should use allocation of resources within a life as a guide to allocation of resources across different age groups. The question arises why laissez-faire does not provide the preferred allocation automatically. Each individual chooses labor supply and a savings rate to create his or her preferred lifetime distribution of well-being. The intertemporal allocation of resources that each individual would choose is in fact the allocation that he or she can choose and implement. Individuals who wish to achieve guaranteed medical care at an old age, for instance, can simply purchase the appropriate health insurance policy or annuity. That some individuals may discount the future irrationally should not influence policy, in my opinion. First, I do not believe in paternalism. Second, governments tend to discount the future at an even higher rate than most individuals, not looking much beyond the next election. Asking the government to remedy discount rates that are too high is like asking the fox to guard the chicken coop, as illustrated by recurring crises in the Social Security system.

To be sure, government policy may be able to improve upon market results. Individuals, for instance, may err in forecasting the consequences of their decisions. As a result, the government may wish to ensure the quality of market information by strictly enforcing laws against fraud and deceit, or by requiring information disclosure from hospitals and insurance companies. Daniels, in his book (1988), does list a number of problems with private health insurance. I believe the problems he lists can be remedied with relatively minor innovations within a market framework or are, in some cases, the result of government intervention. In passing, I should add that I do not defend the current American health system of mixed public and private incentives, which appears to offer the worst of both worlds.

Another problem may arise if some individuals do not have sufficient income to purchase insurance or save for their old age. But here the problem is the absolute level of income throughout the entire life of such individuals. This problem should be addressed directly rather than cloaked under arguments concerning intergenerational issues. If we choose an institutional structure that creates prosperity for the indigent, intertemporal allocation will take care of itself and we need not worry about the special claims of the elderly.

If anything, the account supports government interventions to favor the young rather than the elderly. Through markets it is much easier to transfer resources from the present to the future than vice versa. Borrowing may be restricted because of imperfect loan markets, the nonmarketability of human capital, and credit rationing. The bias in market institutions (as distinct from the bias in irrational preferences) is to induce individuals to save too much and consume too little.

Consider an economy that grows each period, making each generation richer than the last. Assume also the absence of systematic failure in the markets that allocate resources intertemporally. Each individual receives his or her preferred intertemporal allocation. Under the account, is there room for government intervention? I believe the answer is no. Laissez-faire achieves a desirable allocation, even though extreme income inequality may result. For reasons presented in the above section, inequality of this sort does not bother me, so long as the elderly are not suffering (with suffering defined in terms of an absolute standard).

Are Voluntary Renunciations Binding?

I see a further tension between the use of the account to determine the claims of the elderly and the use of the account to support claims to medical care as a basic need. As I understand the account, the morally binding nature of voluntary choices is an underlying moral premise, at least when these choices are informed and prudent, and made in an impartial context. Yet, this same principle applied in a different context implies that medical care should not be considered a basic need. When making voluntary choices, individuals rarely guarantee themselves access to adequate medical care under all circumstances.

The account focuses upon intertemporal choices concerning allocation of resources within a life. But surely it is possible to apply the premises of the account to choices made under uncertainty. Assume that each prudent and rational individual would decide not to buy insurance against the possibility that he or she will require kidney dialysis. In some cases, however, kidney dialysis will strike and the victimized individuals will have no protection. The individual will die. Can we object to this outcome?

Within the framework of the account, I think we must accept the conclusion that these individuals should die. As rational and prudent individuals, these individuals voluntarily renounced protection against kidney disease to increase current consumption. Admittedly, the account focuses upon intertemporal choices under certainty and my example invokes uncertainty. Nonetheless, why should not the same principle apply in both cases? Rational and voluntary renunciation is either binding or it is not.

I am not sure whether this is an argument against government provision of emergency medical treatment or an argument against the account. But we should consider the tension between the account and government-guaranteed medical care.

Equity, Equality, and Identity: Comments on Sections I, III, and IV

David Friedman

"Equity: 1 a: Justice according to natural law or right; specif: IMPARTIALITY."

Webster's Seventh New Collegiate Dictionary

In listening to the anthropological papers, I was struck by a contrast with the earlier philosophical papers, a contrast I am tempted to ascribe to the ethnocentrism of the philosophers—the relevant ethnos being not America but the world of academic philosophy.

The philosophers, in discussing issues of justice, tended to interpret "equity" as "equality." "Equity," as I understand the concept, means getting that to which you are entitled. Egalitarianism is one possible basis for judging what people are entitled to, but not the only one. One reason I might be entitled to ten dollars is because everyone else is getting ten dollars. But a wholly different reason is that I lent you ten dollars yesterday and you agreed to pay it back to me today.

It sounds from the anthropological papers, including Rabbi Wechsler's discussion of traditional Jewish views, as though most societies (possibly including our own society outside of academia) think of these issues largely in terms of that second sort of equity. Obligations are owed by particular people to other particular people because of particular things that have happened—for example, by children to the parents who have brought those children up. That is a very different concept of equity than one based on general moral principles about why all *x* are entitled to get *y*—which is what the philosophers seemed to be talking about.

Consider the situation of old people who do not have any children. From the egalitarian time slice perspective, it seems monstrously unjust that they should be less well-cared for than old people who do have children. From the standpoint of an ethics that sees equity in terms of getting what you are owed from those who owe it to you, that is not so clear. If the obligation to take care of particular old people is owed by particular young people on account of what has happened between them, then if there is nobody who owes me that particular obligation, it may be unfortunate that I am worse cared for as a result, but it is not unjust.

In this respect, a life-cycle version of equality fits an ethic of obligations somewhat better. Bringing up children is an enormous amount of work, although a kind of work that has some special compensations. So life-cycle equality suggests that those who have borne that burden as parents ought to receive compensating benefits. Of course, the two ethics are still not identical—as is shown by the case of parents whose children die before they get old. Life-cycle egalitarianism says that it is equitable for them to receive the compensating benefit of old age care, but under a system of obligations there is no surviving person who owes them that benefit.

I think it is generally true that systems of equity based on individual obligations mesh better with a life-cycle than with a time slice version of equality. Obligations are carried along the life cycle—even across generations in many societies. I bear a cost when I lend you money now, and receive a compensating benefit when you repay it later in my life cycle. A time slice view, carried to its logical extreme, radically undercuts the possibility of any system of individual obligation. If the "you" of today is a different person from the "you" who borrowed the money yesterday, why should the former be bound by the latter's debts?

If one is going to take seriously the idea of justice defined in terms of mutual obligations among individuals, rather than in terms of an end state, a philosophically deduced basis for the allocation of all good things, what does that imply for arguments about justice between generations? I do not know the answer, but I have one suggestion about where to look.

Considered from an individual perspective, the problem of justice between parents and children looks very much like an old legal and moral issue—the good samaritan problem. I come upon the scene of an accident and find the victim unconscious, unable to speak, and in need of immediate help. What are my rights and obligations and, if I do help him, what are his? If I walk past, and he by good fortune survives, can he sue me for medical costs that would have been avoided if I had stopped to tie up his wounds? If I help him, perhaps at risk or cost to myself, what recompense, if any, does he owe me? How is the set of obligations changed if I am in part responsible for his situation—if, for instance, I was the other driver in a two-car accident?

We all come into the world unable to speak and in need of immediate help. Those most able to provide the help are also responsible, in part, for our being there. What is the set of mutual rights and obligations that arises from that situation? That is a hard question, and I do not know the answer. It is not a question we are ever likely to ask if we insist on putting our discussion of generational justice in terms of the obligations of an abstract society and the rights to equality of generic individuals.

In rereading the philosophical papers, a further point that struck me was the difficulty of giving a coherent account of egalitarianism, in the context of generations as in other contexts; the resultant tendency of the authors was to inject into the account their own opinion of how other people ought to live their lives. Thus McKerlie, after postulating a marriage where the husband makes all of the important decisions, writes

> *If we care about equality we will hope that his wife eventually has the chance to assert herself. Perhaps she could become the leader in the second half of their marriage.... But even if the marriage does change in this way, it will not be an ideal marriage. It is not the best kind of marriage because the couple never do live as equal partners. They never share decision-making and responsibility. It would be a good thing if their totals of these goods, summed over the entire marriage, were equal, but it would not erase this defect.*

This seems to me to be wrong. To value equality is not the same thing as wanting people to be equal in everything—equality is not identity. It would be a very unsatisfactory world if I had to spend the same number of hours as my wife does listening to music and she had to spend the same number of hours as I do arguing with people. McKerlie started his essay by defining an egalitarian principle as committed to giving priority to the interests of people who are worse off than others. But the fact that someone has less of something than someone else does not mean he or she is worse off. He or she may have more of something else, or the something he or she has less of may be of no value to him or her.

In order to reach the conclusion quoted, McKerlie must either convert equality in the sense of living equally attractive lives into equality in the sense of living similar lives[1] or else add to egalitarianism his particular view of how life should be lived and how marriages should be organized. To do the latter, he must assume away a large part of the richness and diversity of real humans and real lives.

Consider his example, with a few details added to fill in the picture. During the first half of the marriage, the wife is rearing children—a job that is emotionally as well as physically exhausting, as any parent can testify. When the children are put to bed, the last thing she wants to do is discuss where the family should spend its vacation, whether to get a new car, or the desirability of her husband getting a new job. She is not only willing but eager to let her husband make all of those decisions, leaving her free to recuperate from her day's work.

During the second half of the marriage, the situation is very different. The children are old enough to leave the wife with leisure time. She could go to work, but instead she decides to take over the job of running the family. This job has just become open, because the husband, having risen through his firm's ranks, is now a busy executive in a high-stress position. After a day spent trying to decide whether his latest project will make a fortune or leave his firm bankrupt and himself unemployed, he is delighted to return home to have his wife tell him where they are going to dinner and to what schools she is suggesting their daughter apply.

This seems like a perfectly sensible allocation of a particular sort of family job over time, to the mutual benefit of both partners. But, Professor McKerlie informs us, it is not an ideal marriage. One has the impression that ideal marriages are not made in heaven but rather deduced by the application of general principles to the circumstances of gender-neutral spouses.

I believe this example illustrates some important problems with the approach taken by McKerlie and several other contributors. Equality in the sense of equal present value of utility at birth is a reasonably clear concept, although it is far from clear how one could impose it in a tolerable (or even an intolerable) society. Once they try to go beyond that, philosophers become vulnerable to the error of which economists are so often accused—basing their arguments on hypothetical persons simplified beyond recognition and so reaching conclusions irrelevant to a world of real human beings.

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[1] This seems to be suggested by his comment that "if we care about the existence of ... equality ... for its own sake, we might object to the inequalities that occur during people's lives even though they do not make their lives worse."

Prudent Allocation to Low-Probability Outcomes: Comment on Cowen

David Friedman

Tyler Cowen, echoing an earlier comment by Dennis McKerlie, writes that "the [Prudential Lifespan] Account also neglects the claims of the elderly when we consider uncertainty about the length of life. I do not believe that I will live to one hundred and thus do not provide for those years. Does this mean that the claims of 100-year-old individuals should receive little weight? Unlike discounting based upon time preference, it is difficult to argue that discounting based upon uncertainty is irrational."

But the same low probability that reduces the value, ex ante, of consumption at age 100 also reduces its cost. If, converting Cowen's "do not believe" to a more conventional economic account, I believe that the probability of living to 100 is .01, and if my belief is shared by insurance companies, then I will be able to buy a pension for my hundredth year at a penny on the dollar—at which price it is worth buying. Putting aside the administrative costs of buying pensions, insurance, and such, and the complications introduced by discounting over time, I maximize the present value of utility by allocating my resources to make my marginal utility of income at every age (and in every state of the world) equal. The probability of each of those situations does not come into the calculation, except as determining what my total resources are, over what alternatives they must be spread, and thus what the common marginal utility is.

The Prudential Lifespan Account: Objections and Replies

Norman Daniels

I greatly appreciate Dennis McKerlie's and Tyler Cowen's thoughtful comments on my prudential lifespan account and the opportunity to clarify my position. In the brief remarks that follow, I shall only be able to consider some of their objections. I begin with McKerlie's criticisms in his contribution to this volume (see also McKerlie 1992) and his proposal for an alternative account.

In his earlier work, McKerlie (1989) suggested abandoning the standard concern for equality between complete lives in favor of a view that emphasized equality between simultaneous segments of lives. Imagine Alice and Betty, each living eighty years. Each has an alternating pattern of well-being in her life, with ten units in one decade, five in the next, but the patterns are reversed, as follows:

Decade	1	2	3	4	5	6	7	8
Alice	5	10	5	10	5	10	5	10
Betty	10	5	10	5	10	5	10	5

McKerlie's earlier view was that we should add the inequalities (five units) that show up in each decade. As a result, we would conclude there is objectionable inequality (forty units) between these lives. This inequality is simply ignored if we simply sum the well-being over each complete life: on that view, neither is better off and there is no inequality.

McKerlie (1989) was just as concerned about the inequality between simultaneous segments that would show up in the case of Betty and Connie:

Decade	1	2	3	4	5	6	7	8	9
Betty	10	5	10	5	10	5	10	5	
Connie		10	5	10	5	10	5	10	5

Connie has the same pattern of well-being as Betty, but, because she is born ten years later, on McKerlie's view, there are thirty-five objectionable units of inequality in decades 2 through 8. If Connie had been born ten years earlier, no inequality would arise. McKerlie's view thus runs counter to a basic intuition: simply changing Connie's birth date, with no other effects on either life, should not make the situation more or less objectionable.

In his contribution to this volume, however, McKerlie adopts a more moderate position. Rather than rejecting the complete-lives view in favor of equality between simultaneous segments, he now proposes that we supplement our legitimate concerns about inequality over complete lives with a *further* concern about inequality between parts of lives. This further concern must be a "pure" concern about equality, not reducible to a concern about the bad effects of the inequality on the respective lives. Thus, even if there is no harm to Alice, Betty, or Connie from the out-of-synchrony patterns of well-being they enjoy, and even if they are equally well off over their whole lives, we should still be concerned about the inequality that emerges between simultaneous segments of their lives. We should, he says, be concerned about equality "for its own sake," ignoring our counterintuition about the irrelevance of Connie's birthday. Presumably, there will be circumstances when McKerlie would overturn equality over complete lives in order to favor the "further concern," but he does not tell us just how to rank these concerns under different conditions.

I agree with McKerlie that our concerns about distributive justice are not limited simply to concerns about equality over complete lives. The prudential lifespan account of justice between age groups does impose important "further" constraints on how goods are distributed within our lives, between its parts or stages, even supposing equality (or otherwise fair distribution) between complete lives. (Remember that the prudential lifespan account also presupposes "frame" principles that impose egalitarian limitations on other interpersonal matters of distribution, such as the fair equality of opportunity principle governing health care.) Specifically, we should permit distributions that treat us differently at different stages of life whenever such differential treatment works to make our lives go as well as possible. Our lifetime fair share of important goods need not be distributed equally to each stage of life, for doing that may well ignore the ways in which our needs for those goods vary at different stages of life. We should accept "unequal" treatment of stages of life if doing so is prudent (subject to the constraints on prudential reasoning I describe in Daniels 1988). For example, if our needs for certain kinds of health care or education vary at different stages of life, it would be imprudent to cap our access to such services with equal shares for each stage of life. That would mean some needs are unmet at some stages, while we have untapped resources at others.

The prudential lifespan account would not automatically accept the inequalities involved in the Alice and Betty example. These inequalities do not work to make each life go as well as possible—or at least we cannot see from the example how that is happening. If, however, these patterns were necessary to make these lives go as well as possible, then my account is neutral between them.

A reminder about methodology is in order at this point. The account I have developed is aimed at solving a problem of *institutional* design: how should institutions that distribute important goods over the course of our lives be designed so that individuals in each age group are treated fairly? Specifically, I have in mind the complex transfer schemes that take goods from us at one stage of life (e.g., while we are productive workers) and give them to other individuals who are in other age groups (e.g., children or retirees). When are such transfer schemes fair to the individuals in each age group? Notice that I *do* conceive of this problem as an *interpersonal* problem of distributive justice, one that arises between individuals in different age groups. My account suggests that this interpersonal problem of justice between members of different groups has the same structure as—and thus reduces to—a problem of prudential allocation among stages of a life, at least when we can suppose that the transfer schemes are stable and operate over the course of whole lives. I thus reject McKerlie's attempt to show that my account is not about distributive justice between persons, and that I can only talk about justice between some notion of a *group* not reducible to its members. My claim is that the interpersonal problem is properly solved by solving the substitute problem about prudential allocation. In general, however, prudential allocation is not a solution to other problems of distributive justice.

The fact that my account is intended to apply to the design of institutions that distribute goods over a lifespan also has a bearing on some of McKerlie's examples. For example, my account may not accommodate every intuition we have about how to respond to inequalities between individuals. Suppose John will live in poverty for the last ten years of his life while Jim will live his final ten years in very good circumstances. If Jim and John will end up equally well off over their whole lives, does this mean we can divert no resources from Jim to John? My account is silent on this isolated issue about two individuals because it is aimed at answering a different question: How should we design transfer schemes that operate over the whole course of people's lives and that treat members of all age groups fairly? The answer is that we try to avoid transfer schemes that allocate resources so imprudently to John. This point, I might add, is also a reply to Cowen's overly literal use of my individual insurance illustration. (With reference to his example of the 100-year-old: I am interested in annuity policies, indeed, social insurance policies, not individual savings.)

McKerlie rests considerable weight on the example involving unequal power in a marriage. Suppose a marriage lasts four decades, and each partner takes turns dominating the other for two decades. He is surely right that we do not consider these equal partners or the marriage an ideal one. Alternating periods of tyranny is not the same as sharing power equally. Similarly, if each of us could vote for only two decades of our lives, and the rest of the time we were subject solely to the choices of others, we would not be satisfied that we had achieved the relevant sort of equality in citizenship rights. Rather, we would complain that for most of our lives, we failed to enjoy democracy, and that someone or other always failed to enjoy democracy. With regard to some goods, including certain liberties, we insist on equality at each stage of life. No plausible interpretation of the claim that we each have a right to select our representatives in government would put time constraints on the exercise of that right (except for the problem of competency or maturity). We are very much concerned about the negative effects of unequal power at every point in our marriages and in our political lives.

Does this show that we are always so bothered about inequality between parts of lives? Not in the general way McKerlie suggests. It depends on the good in question and the reasons for distributing it one way rather than another over the course of our lives. Suppose we could show that making more educational services (allocated from our lifetime fair share of such services) available to people early in their lives, rather than late in their lives, made their lives typically go better. We would probably not then think that the inequality in access to education between a child and a middle-aged adult was necessarily objectionable. (As I suggested in my contribution to this volume, the prudential lifespan account actually emphasizes the importance of improving access to education at later stages of life, especially given increasing life expectancy.) In McKerlie's view the inequality in access to education between members of age groups is always objectionable—even if unequal access by age affects each person the same way as they age and even if the unequal access actually works to make each life better overall. McKerlie thus ignores the fact that education works differently than voting rights or than power within a marriage. McKerlie has generalized from the wrong example. Why he has done so may have something to do with his (somewhat puzzling) belief that we have a "pure" interest in equality, aside from any of its effects.

I find one of McKerlie's criticisms very helpful. I have said (Daniels 1988) that I would give "priority" to the age-group problem over the problem of equity between cohorts. My real concern was that we could know what equity between birth cohorts required without having any solution to the age-group problem, and that each cohort had an interest in solving the age-group problem through intercohort transfer schemes. Therefore, I wanted to address the age-group problem first. But, as McKerlie notes, it is misleading to call this "priority." Since intercohort inequities would constitute unacceptable interpersonal inequalities, these must be accommodated by adjustments to the lifetime fair shares from which allocations that address the age-group problem are made.

Cowen draws a false dichotomy, I believe, between the types of philosophical views that bear on intergenerational allocation, suggesting, for example, that my "contractarian" account is not concerned with basic needs. The prudential lifespan account is applied to health care allocation by invoking a "frame principle" ensuring fair equality of opportunity, as I noted in my contribution to this volume. That principle, however, shows why meeting an important need—maintaining normal functioning—is of special moral importance. Thus my account is concerned with meeting a basic need, contrary to Cowen's scheme.

Cowen also suggests that the prudential lifespan account does not imply the kind of redistributive effort involved in a national health insurance scheme. But here too he ignores the role of the appeal to fair equality of opportunity when applying the prudential lifespan account to the distribution of health care. The fair equality of opportunity principle implies that there are social obligations to ensure access to health care, as I have argued elsewhere (see Daniels 1985).

Several of the "conundrums" Cowen poses for my account derive from not taking seriously various restrictions I impose on the prudential reasoning involved in allocating health care or other goods over the lifespan. No doubt, the fault is mine, since I barely sketched these in my contribution to this volume (however, see Daniels 1988). In designing a health care system, we are to suppose that people do not know how old they are and that they must live through all stages of life. This constraint makes concentrating resources too late or too early in life imprudent; instead, prudent social planners would respect the age-relative opportunity range at each stage of life. Similarly, Cowen's concerns about discounting are blocked by this constraint. Indeed, in an intercohort transfer scheme, as opposed to an individual savings scheme, we would see the effects of discounting vividly, e.g., in the suffering of the elderly, who are also around to complain about it. Since I am concerned with the design of a social scheme for transferring resources, using modified prudential reasoning to guide us, Cowen's concern about the low probability of living to very old age (e.g., 100 years) should be accommodated by annuities, indeed social annuities.

Cowen argues that intrapersonal and interpersonal allocation will differ because the psychological interconnectedness of intrapersonal allocations has no parallel in interpersonal allocations. For example, the young might relish delaying a benefit to later in life, deriving extra benefit from the anticipation involved. But, he says, a transfer from a young person to someone who is now old involves no such psychological interconnectedness and so there are no benefits of anticipation. I believe Cowen errs here because he ignores the fact that the scheme through which the young transfer to the old is one that works over the lifespan. In making this transfer to the current elderly, the young also anticipate receiving a comparable transfer in old age from a later cohort.

In the brief space allotted to this rebuttal, I have not been able to do justice to the many thoughtful comments offered in this conference, but I hope I have corrected some misinterpretations of my view.

Section V

Additional Economic Perspectives

Chapter 14

Majority Vote and a Just Age for Greed

Lee M. Cohen

Introduction

One underpinning of a democratic system is that justice and the will of the majority are strongly linked. Is the will of the majority a just way to resolve intergenerational issues? We investigate in this paper what could happen if the outcome of a majority vote is defined to be just. Our focus is on intergenerational justice, and thus how people vote based on their age. We are able to derive a just level of resource transfers across generations by examining a hypothetical society composed of nonaltruistic or selfish older individuals who vote whether to invest public pension funds in additional years of education for the young. If the return on education is high enough, the older population will recover its investment in education from higher pension contributions based on increased wages.

Specifically, we suggest that a just allocation of resources between generations in a democratic system is one in which the return to the elderly from investing in education for the young would be supported by a slim majority of the voting population. A lower return both would not be supported by the majority and is inefficient—too many resources are shifted to the young. A higher return would be supported by the majority but is also inefficient—too few resources are shifted to the young.

This study is motivated in part by press articles casting aspersions on the intentions of the elderly population. The cover of the *New Republic* (Fairlie 1988) referred to the elderly as "greedy geezers." *Forbes* claimed that we "are witnessing nothing less than a massive transfer of income and wealth from the younger generations to the older." ("Consuming Our Children" 1988, 222). While these and other articles suggest that the elderly population is selfish, they do not provide a direct way to test the hypothesis. In this paper we postulate what policies would result from purely selfish populations.

Using data from 1988 in our stylized model, we find that purely selfish persons over age fifty-four will not have found the investment in a younger person's fourth year of high school to be profitable. But since persons over age fifty-four compose a minority of the voting population, the majority (even if selfish) would rationally support education. This level of support was not evident in 1970, however. In that year, the maximum age for rational nonaltruistic persons to invest in a younger person's fourth year of high school was thirty-eight, while the median voter was age was forty-six. If education funding out of pensions had been put to a majority vote in 1970, it would have failed, according to our estimates. But in reality, public education was funded that year. Assuming our model is correctly specified, we conclude that the majority of the population was, in fact, altruistic in 1970.

These estimates should also be viewed with a backdrop of demographic change. In 1930 the median age of persons eligible to vote rose only slightly from age thirty-nine in 1930 to age forty in 1990. However, by the year 2050, the baby boom phenomenon and projected increases in life expectancy will raise the median eligible-voter age to forty-nine. The actual median voter age (weighting participation by age) in 1970 was forty-six, and it is projected to rise to fifty-three by the year 2050 if current voter participation rates hold constant.[1] Thus any economic change which reduces the relative return on education will cause greater intergenerational tensions and less willingness to support education several decades in the future than it would now. A just allocation of funds, as defined by the will of a selfish majority, will likely yield in the future less and less to the young.

A Stylized Model of Intergenerational Transfers

We develop a simple voting model wherein pension funds may be invested either in human capital development or in a fund yielding the market interest rate, based on the preferences of the median voter. Most funding of public education in the United States is from state and local governments, while Social Security is a federal-level program. By linking pension funds to public education, we are assuming that there is only one level of government, and that government controls funding for both education and pensions. Furthermore, by assuming that pension funds specifically are used to fund additional years of education, we are postulating either that all other spending categories are fixed or that the budgets are all lumped together, creating a pipeline between spending categories.

Monies are contributed by workers to the pension fund via a fixed percentage pension tax on income. Income rises with additional education. A return to the pension fund from investing in education will be realized when the student reenters the work force at a higher wage and thus contributes more to the pension fund.[2] We assume that if the pension fund has greater receipts, then it will increase its disbursements to retirees.

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[1] Calculations based on the *Economic Report of the President* (1991); U.S. Bureau of the Census Series P-25 No. 1018 (1989); and Spencer (1989).

[2] Our calculations are based on marginal returns to education, where spending is constrained to additional years of schooling. Without this constraint, recent data might show negative returns to money spent on education. I am indebted to David Friedman for this insight.

If the pension fund will recover its investment within the median-age voter's expected lifetime, that voter and all younger voters (the majority) will elect to invest in education for the young from pension funds. As the annual return on additional years of education increases, older people would be more willing to make the investment, since the years necessary to recover the investment are fewer. Nevertheless, there is an age beyond which the return on investment is negative. As the median voter age rises, intergenerational justice in this selfish society will at some point be best served by curtailing increased educational investment out of pension funds.

In our model, there are only two people: one young person who can either work or go to school, and one older person who either is still working or is retired. We assume that the younger person will always vote to further his or her education since the lost wages from one year of school are usually repaid many times over. Moreover, according to estimates of Haveman and Wolfe (1984), the nonmarket benefits of additional education are approximately as large as the additional wages. However, we do not assume that the fourth year of high school is an entitlement. Instead, if the older person does not fund education, the younger person must work.

The older person will vote to transfer monies out of the interest-bearing (national) pension account to invest in education for the younger person only if (1) the investment is recovered within the older voter's expected lifetime, and (2) the annual return is greater than the real interest rate.[3] We use life expectancy because it provides an outside limit on the investment time horizon and is consistent with the assumption of nonaltruistism among voters. An older person would not be interested in the pension fund being repaid after his or her death since he or she will not benefit from it. The real interest rate is determined outside the model. If the return on education falls below the real interest rate, then pension funds would be invested in a fund yielding the real interest rate.

Our model uses a three-step process to calculate the maximum age an older person could be to invest profitably in education. The first step is to estimate the annual percentage of return on education. The second step is to determine the number of years it takes to recover the initial investment at the given annual rate. Finally, given the number of years to recover the investment, we calculate the maximum age for which the investment will be worthwhile.

The literature is full of estimates of the return on education, and we recognize that there is no consensus on how education affects either personal income or GNP growth. In this regard, see, for example, Solow (1988) and Haveman and

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[3] A third condition which we do not dwell upon is that the number of years to recover the investment must be less than or equal to the number of years worked. For example, if the retirement age is sixty-five and the younger person begins working at age nineteen, then the number of years to recover the investment must be less than (sixty-five minus nineteen equals) forty-six.

Wolfe (1984). Rather than bracketing low and high estimates of education's contribution to growth and then forecasting growth rates, we have chosen simply to estimate the average salary increment from completing the last year of high school.

A person with an eleventh grade education in 1988 had an average annual salary of $18,132 (U.S. Bureau of the Census 1991), and we estimate the increase in wages from completing twelfth grade was $4,105 (U.S. Bureau of the Census 1991). The total per-pupil cost to the pension fund of providing one year of public education was $3,909 (U.S. Dept. of Education 1992, tables 6 and 10) in direct school expenditures plus the lost pension tax revenue on $18,132. This last summand is the opportunity cost to the pension fund of the younger person attending school instead of working. Assuming a pension tax rate of 12.12 percent (as was the 1988 rate for Old-Age, Survivors and Disability Insurance (OASDI)), the total cost to the pension fund was $6,107. In return for investing in the younger person's education, the pension fund gains an increased revenue of $498 per year (12.12 percent of $4,105) until the younger person retires.

Our model evaluates the investment in education and the pension fund distributions from the older person's perspective. If the fund is a pay-as-you-go system, then the worker has no expectation of getting out monies that he or she has invested since all that money goes to current retirees. If the fund operates as a cash reserve, then the retired person has no expectation of benefiting from current workers since the monies workers contribute are reserved only for themselves. For this paper, we have assumed arbitrarily that the pension fund is characterized as half cash reserve and half pay-as-you-go. With this assumption the younger and the older person can expect to split in half any contributions made by the younger person. Thus from the perspective of the older person, the return is $249 per year on an initial investment of $5,008 (using only half of the Federal Insurance Contribution Act tax rate on lost wages), or equal to 5 percent per year beginning in the second year.

We can formalize the return on investment in education as follows. Let p be the older person's investment in one additional year of education for the younger person. Then p is composed of

$$\begin{aligned} p = {} & \text{direct cost of 1 year of school} \\ & + \text{1/2 of the FICA taxes on 1 year's lost wages.} \end{aligned} \tag{1}$$

The return, or annual increased contribution, c, made by the younger person to the pension fund is

$$c = \text{1/2 FICA tax on change in wage of student.} \tag{2}$$

The annual yield, i, from the investment is then calculated as

$$i = c/p \tag{3}$$

The second step in the process is to calculate how many years, n, it will take for the investment to be recovered at interest rate i. We perform this calculation by comparing the present value of the future income stream to the initial investment. The present value calculation is made simpler by assuming that without the investment in education, the younger person's wages would have grown at the real interest rate. The real interest rate, then, does not enter our present value calculations.

The return on investing in education is zero the first year since the younger person is in school and not working. For each of the second and following $n - 1$ years, the return is exactly $i \times p$, where i is the interest rate earned on the principal p. Then, for the present value of the return to exactly equal the initial investment, n must satisfy the following equation:

$$p = (n - 1) \times i \times p. \tag{4}$$

Solving for n, we have

$$n = (1/i) + 1. \tag{5}$$

The number of years to recover the investment in education is the reciprocal of the interest rate on the investment plus one year.

It appears that the original investment, p, has been lost from the equation. However, p was used originally to calculate i, the return on education. Substituting from equation 3 into equation 5, we have

$$n = (p/c) + 1 \tag{6}$$

As the cost of education rises, the return on education declines, and the number of years it takes to recover the initial investment rises.

Based on our numerical example with 1988 data ($5,008 investment and $249 annual return), it will take twenty-one years to recover the investment. If we assume a life expectancy of seventy-five years (as was the national average in 1988), then everyone under fifty-four years of age will rationally and selfishly invest pension funds in a younger person's education. People ages fifty-four and over will not invest in education.[4]

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[4] These break-even ages and the ages quoted below would be changed only marginally if the nonmarket effects in Haveman and Wolfe (1984) from which the elderly person would benefit were included.

In order to calculate the maximum age for investing in education in 1970, we use a life expectancy of seventy-one years, a Social Security tax rate of 4.2 percent, a direct school cost of $877, an eleventh grade wage of $7,629, and an increase in wages by completing twelfth grade of $1,556. The formulas above indicate that the return on education was only 3.2 percent, yielding a maximum age of thirty-eight for investing in education.

We now formalize the discussion above. The maximum age at which a nonaltruistic older person will invest in a younger person's education is based on the older person's expected lifetime, *e*, and the number of years it takes to recover the investment. Let a be the maximum age for investing in education. Then

$$a = e - n \tag{7}$$

or, using equation 5

$$a = e - 1/i \tag{8}$$

In Figure 14-1 we plot *a*, the maximum age for investing in education (on the y axis), against *i*, the return on education (on the x axis) using the life expectancy in 1988. If the return on education is 3 percent, for example, then nonaltruistic persons over age forty would not invest in someone else's education. We see clearly that as the return on additional years of education increases, it takes fewer years to recover the investment, and hence we see an increase in the age at which it still makes sense to invest in education. Points that fall above the line represent combinations of age and return on investment where it would not be rational to support education. Points below the line represent ages and returns where education would be funded out of pension funds. The set of ages and interest rates where it is rational to invest in education are truncated on the left by the real interest rate. It is not rational to invest in education if the return is lower than the real interest rate.

We can now use this framework to perform normative, or judgmental, analyses about optimal levels of intergenerational wealth transfers. We suggest that, as a benchmark in a democratic society, the optimal return on education is precisely that which would be supported by a slim majority of voters. We will take the median-aged voter as representative of the will of the majority. In Figure 14-2, we have added the median voter age in 1988 (age 46) to the same curve depicted in Figure 14-1. Look at the point where the median voter age line crosses the maximum age for investing line. We have labeled it the *point of majority justice*. We shall consider a benchmark return for optimal democratic intergenerational justice to be the return on education that the majority of voters would barely support. That is, if the median-aged voter casts the decisive vote, and that vote is in favor of investing in education, and if society actually implements the median voter's preferences, then that society is an intergenerationally just society.

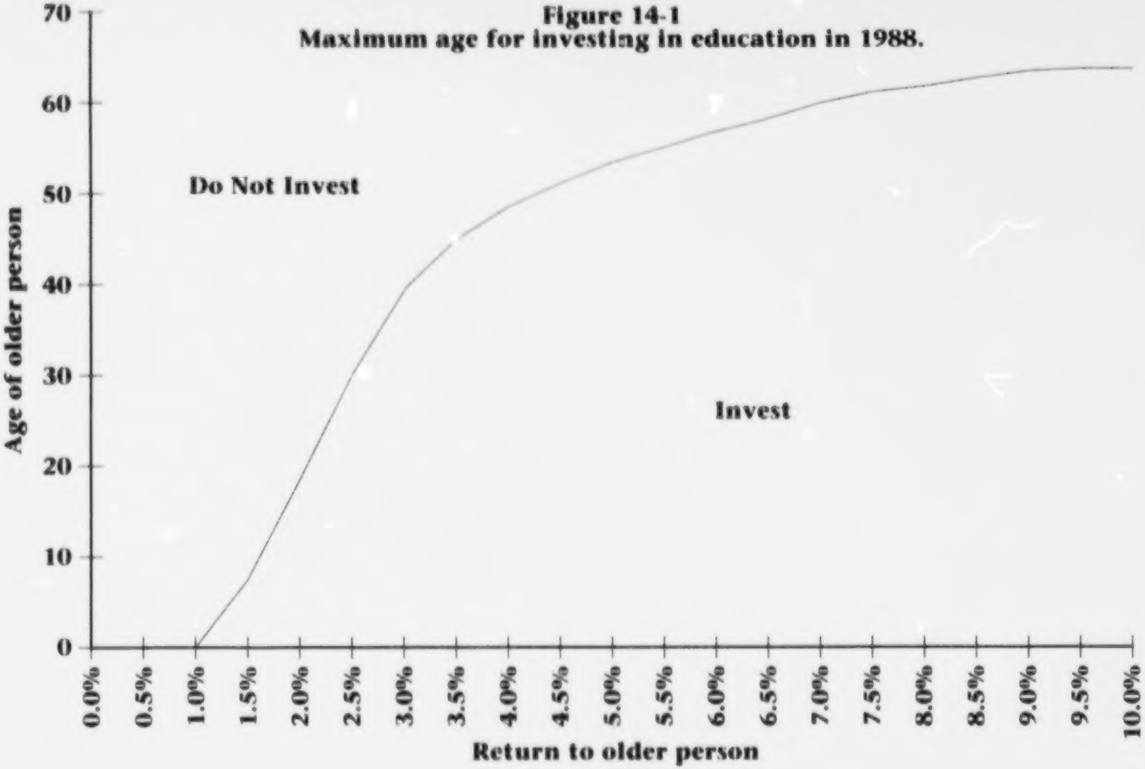
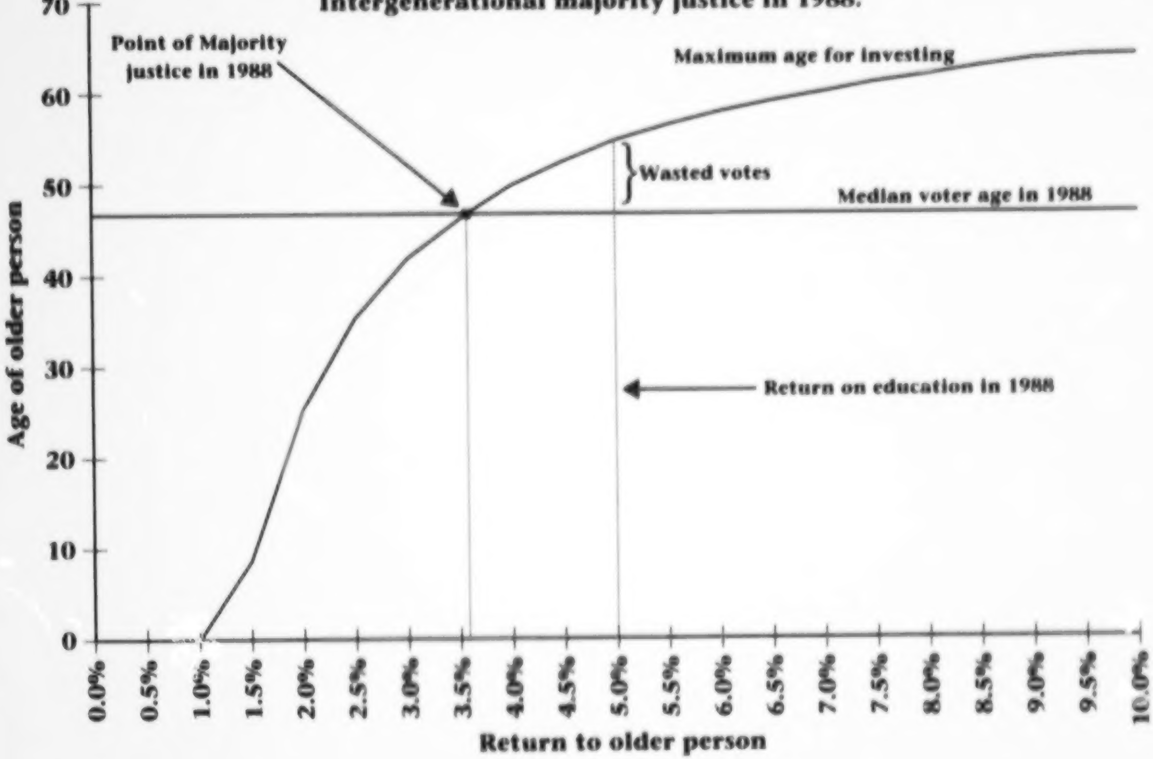


Figure 14-1
Maximum age for investing in education in 1988.

Figure 14-2
Intergenerational majority justice in 1988.



Based on Figure 14-2, where the median voter age was forty-six in 1988, the return on education would have had to be greater than 3.6 percent for the majority of the population to commit pension funds to education. But the return on education in 1988 was actually 5 percent so that more than a majority of voters would have voted in favor of education. The fact that there would have been wasted votes to achieve the intergenerational optimum indicates that the return on education was too high. The majority of voters could have been satisfied with a lower return. We conclude that in 1988 the older population was benefiting unjustly from the younger population.

The situation was the reverse in 1970, as depicted in Figure 14-3, when the return on education was 3.2 percent but the majority would have required a return of 4.2 percent. In 1988 the return was unjustly too high, while in 1970 it was too low.

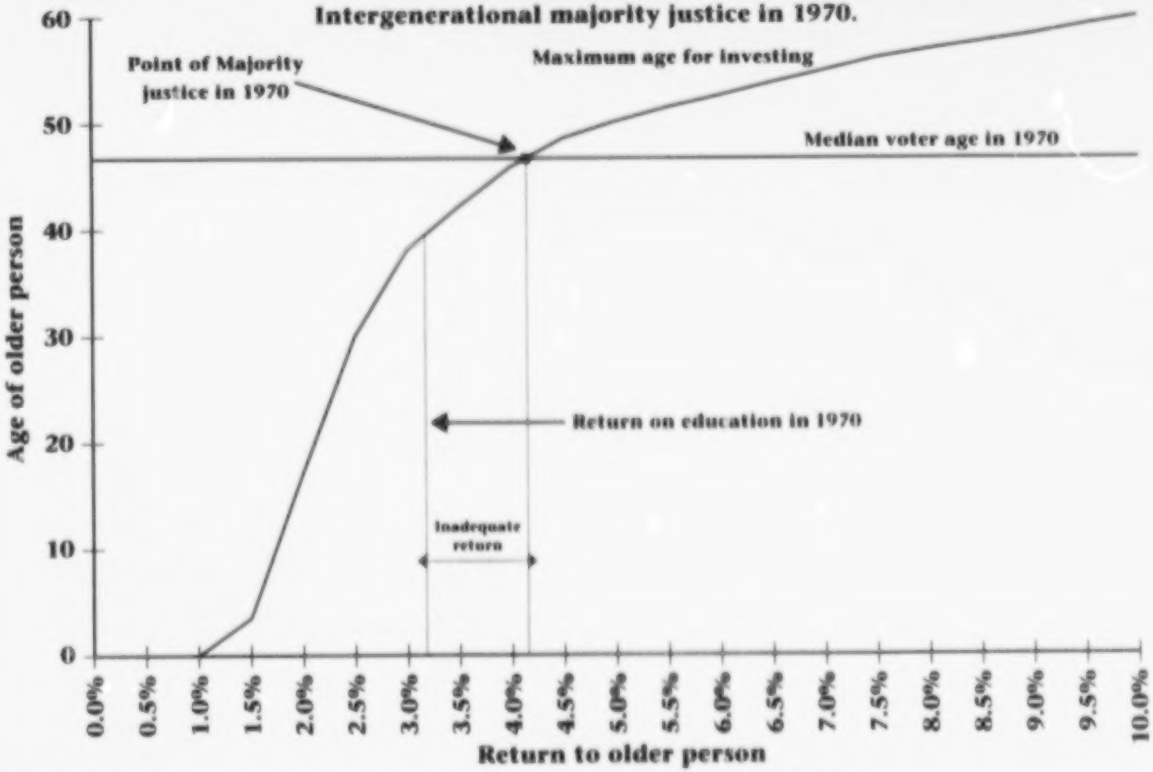
Inefficiencies of the actual social outcome relative to the just or optimum social outcome can be measured in several ways based on levers in the model. We recommend that inefficiency be measured as the amount any one of the levers would have to be moved (holding the others constant) in order to attain a return satisfactory to the median-aged voter. Our model has three levers: (1) the proportion of the pension fund which is pay-as-you-go (PAYG) as distinct from cash-reserve (CR) (assumed to be one-half in the model), (2) the direct cost of education, and (3) the Social Security contribution rate. If the return on education is too high, it could be lowered either by increasing the proportion of the pension fund which is PAYG, lowering the Social Security contribution rate, or by raising spending on education.

In 1970 the yield on education was too low. While we have not tried to vary the PAYG/CR ratio, optimal justice across generations could have been attained either by lowering annual spending per pupil on education or by $237 (1970 dollars) or by increasing the Social Security contribution rate an additional 1.6 percent. As it turns out, the 1983 Social Security amendments did raise the contribution rate to an actuarially sound level. Our 1988 measure of justice, however, indicates that either the new contribution rate is too high or more needs to be spent on education. In order to have attained optimal intergenerational justice in 1988, either the Social Security tax rate could have been lowered by 3.9 percentage points (and thereby take Social Security out of actuarial balance) or the per-pupil spending could have been increased by $1,841 (1988 dollars).

In this paper we used a democratic majoritarian paradigm to define a notion of justice across generations. We postulated a circumstance where resources are allocated intergenerationally, and asked what allocation would be approved by a majority of voters. Specifically, we calculated the return or yield which would be required by a nonaltruistic median-aged voter in order to invest pension funds in a younger person's additional year of schooling. With that rate defined as the optimal rate for intergenerational justice, we were able to quantify levels of injustice in 1970 and 1988.

Figure 14-3

Intergenerational majority justice in 1970.



Finally, we can address the "greedy geezer" charge. The reader is cautioned to accept these results as suggestive only. The model is only a stylization of reality, and the tensions between old and young spread beyond the issues of pensions and education. Furthermore, the model makes a major unsubstantiated assumption about how pension funds are split between current workers and current retirees. Nevertheless, our model can be used to conclude the following. In 1970 intergenerational transfers favored the young, as the hypothetical return to the pension fund in investing in education would have been too low. The elderly in 1970 were not selfish. In 1988 the return was high enough for the majority to support the existing funding of education. However, the return to the elderly was significantly higher than required for public approval.

Chapter 15

Expectations of Well-Being Across and Between Generations

J. Clare Hushbeck

It is now conventional knowledge that the American economy has in the past few years been just getting by, living largely on credit and consuming more than it produces, and, in the process, it has ceded its competitive edge in key industries and sectors to Germany, Japan, and other nations. Whether one fully accepts the pessimism of this premise, it appears that, for the first time since pollsters began taking the public's pulse, Americans believe their children may not fare as well as they have.

For more than two decades after the end of World War II, the American economy grew rapidly and steadily, despite periodic recessions. We are now entering a third decade of decidedly less impressive performance. During the 1950s and 1960s—when today's older people were in their prime working years—the country came to count on annual improvements in living standards that appeared almost automatically, effortlessly. The unprecedented growth of the American economy between 1948 and 1973 enabled us—among other things—to make great strides in reducing poverty without impairing our ability to take care of the other needs of the population as well. Thanks largely to the huge success of Social Security and the private pension system that came of age in the immediate postwar period, today's older Americans have become much better off than previous cohorts.

Yet despite the gains made by the elderly as a group during the past quarter century, they have basically just caught up with the rest of society. The elderly poverty rate is now nearly the same as for the rest of the population: per capita household income for people 65 and over is $14,057, compared with $14,455 for the rest of the population (U.S. Bureau of the Census 1992c). The proportion of elderly under 125 percent of the federal poverty line has hovered around 20 percent for several years, having dropped from 34 percent in 1970 (U.S. Bureau of the Census, historical CPS data provided by telephone, April 1993). These income gains by the elderly have, however, been heavily dependent on government programs, particularly Social Security and Medicare. According to the Social Security Administration (1992), almost three-fifths of older people get at least half their income from Social Security; more than a fifth of all recipients get virtually all their income from this source.

While older Americans have been catching up, there has been some slippage in the economic circumstances of substantial numbers of Americans—typically, although not exclusively, the young and middle-aged. They have been negatively affected by increasing global competition, rapid technological change, employer downsizings, and greatly slowed rates of growth in incomes relative to the earlier postwar period. Simultaneous with these changes has been an erosion of the contract that long existed between American employers and their work forces, whereby workers were promised benefits in retirement in exchange for long and loyal company service. These trends, taken together, have contributed to a willingness on the part of the media and the public to begin to question how equitable—how just—is the distribution of resources across generations.

The Economy Isn't What It Used to Be

The U.S. economy is reviving from a protracted recession whose characteristics helped create this sea of change in Americans' perceptions of their economic prospects. Whereas previous (typically steeper) downturns in the business cycle were followed by robust growth and rapidly increasing payrolls, the current recovery has been characterized in the private sector by uneven growth and anemic job creation. In the public sector, pernicious deficits inhibit the government's ability to offset business cycles, as sensible public policies are held hostage to a zero-sum budget process.

The controversy over the equity of the allocation of resources among generations should be considered within the context of this changed environment. The strains described as intergenerational derive primarily from phenomena that are less related to age differences in access to resources than they are to how well the overall economy performs. A rapidly growing economic pie is likely to produce far fewer disputes among subgroups of the population concerning the allocation and distribution of society's resources than will a fixed or shrinking pie. Individual slices may be quite small, but if they are growing smartly they are acceptable—particularly if their owners can see themselves or their children doing perhaps much better one day. Smaller slices are unacceptable if it appears that that is all there ever will be.

Accompanying the stalled economic growth of the past two decades has been a shift—slight but perceptible—toward greater inequality in income distribution. As the economy entered the 1990s, the gap between the top 20 percent and the bottom 20 percent of the income scale was the largest it has been since we began to record this statistic. According to the Census Bureau, the proportion of income going to the lowest quintile of families in 1991 was unchanged—at 4.5 percent—since 1950, after having risen in the intervening years, to 5.5–5.6 percent in the 1970s. The highest quintile saw its share grow from 42.7 percent in 1950 to 44.2 percent in 1991 (after dropping as low as 40.5 percent in 1968)

(U.S. Department of Commerce, unpublished data).

The greatest degree of inequality occurred in the mid-to-late 1980s; the early 1990s recession reversed this trend somewhat, hitting harder than previous recessions at the white-collar middle class. Nevertheless, the United States today has an income distribution that is less equal than it was 15–20 years ago (as well as, some might add, a population that has become rather disenchanted with government policies that intervene to redistribute market outcomes).

The primary source of the increase in inequality during the 1980s was changes in relative wages—in particular, an increase in the wage premium paid to workers with more education and skills, as workers without skills or with the wrong ones fell behind. The differential between workplace "haves" and "have-nots" has widened considerably, and this has affected overall income inequality because it was not offset by other factors affecting the distribution. Indeed, other factors exacerbated the differences: fewer people receiving health insurance from employers, stagnation in pension coverage, reduced employment security and slowed wage growth, diminished ability to purchase appreciating real estate, and so forth.

The effects of government policies have intensified some of the trends in the private sector. Medicaid, the primary source of health care for the poor, reaches a smaller proportion of those eligible than it did in the 1970s; welfare payments (Aid to Families with Dependent Children, or AFDC) and food stamps have fallen further and further behind in their purchasing power since the 1970s; and the overall tax structure became less progressive during the 1980s.[1]

The Need for an Integrated Approach to Human Resources

If one accepts that intergenerational tensions are a result of slowed growth coupled with increased inequality, then improving American economic performance is a prerequisite for reducing those tensions. There is considerable consensus that a major part of the solution lies in reversing the productivity decline of the past two decades, and that higher productivity depends on greater and/or better investments in both physical capital and human resources.

An examination of the human resource policies this country has pursued in recent years suggests how we might improve our economic performance. In a number of ways, public and private policies influencing the quality of the labor force, and how it is channeled and rewarded, have been inadequate or poorly focused. We have not as a nation been making the necessary investments in those areas critical to the future growth of productivity and living standards.

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[1] The tax structure also has become less responsive to income changes; that is, we cannot expect the magnitude of revenue increases from rising incomes that occurred prior to the indexing of the tax code in the 1980s. This situation restricts government's ability to expand programs or create new ones.

Primary among the deficits are inadequate primary and secondary education, particularly for high-risk youths. Failure to complete school, or to learn sufficiently while at school, is one of the primary contributors to poverty; other major contributors include divorce, nonsupport of children by absent fathers, and teenage parenthood. Family trends of the past couple of decades have become powerful contributors to the intergenerational transmission of poverty.

Addressing some of our other deficits requires remedying the absence or inadequacy of apprenticeships; training and retraining programs to keep people productive as job circumstances change; making health care accessible and affordable, especially primary and preventive care to catch problems when they are more treatable and intervention less costly; implementing pro-family policies, such as flexible scheduling and dependent care benefits, that enable workers to be responsible parents and parents—as they increasingly must—to be employed outside the home; putting in place sensible and cost-effective housing, environmental, and transportation policies; and so on.

The joint products of human resource policies considered in totality are far more significant than their separate consequences.[2] Access to health care contributes to good health, but so too do education and workplace policies. Good health care contributes to education by helping make possible talented teachers and alert pupils. Housing contributes to both health and education. Improvements undertaken in any one area are fine; when they are undertaken on several fronts at once, the whole can exceed the sum of its parts.

To some extent our underinvestments in human and capital resources are due to the short-sighted policies pursued by straitened employers and governments, operating on so short a string that they reckon a dollar saved today is worth more than two additional dollars earned tomorrow. In the 1990s the underinvestment is especially related to huge federal deficits that now constrain spending on even the most worthwhile enterprises. We have, in the parlance of premodern economics, been "eating our seed corn." The best thing we can do to help expand the economy for the future is begin to deal seriously with the deficit, which entails increasing our savings rate as a nation—consuming less today so that we can consume more tomorrow.

The improvement in living standards for today's old tells us how important personal saving and investing are for the future. For as well as the country's 32 million elderly are doing compared with those in previous eras, the aggregate numbers mask some important details. About 20 percent of the elderly are either officially poor (11.4 percent) or "near-poor" (the 7 percent whose incomes fall between the poverty level and 125 percent of poverty). And while 10 percent of elderly whites are poor, the proportion is greater than one-third for elderly blacks and one-fifth for elderly hispanics. Older women are twice as likely to be poor as older men (16 percent versus 8 percent), and older persons living alone or with nonrelatives are far more likely to be poor than older persons living in families (25 percent as compared with 6 percent). Thus, even several decades of relative economic stability and steady improvements in pensions and other benefits have not prevented many people from spending their old age in a state of deprivation.

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[2] This discussion derives from Dunlop, 1993.

Conclusion

The issue of intergenerational justice is unlikely to arise in an economy of abundance, one progressing toward ever greater material comfort. When the economic pie is growing, sharing is easy. When growth slows considerably, as it did in the United States in the 1970s, spreading resources becomes both materially and psychologically more difficult. Trends and circumstances that are essentially unrelated become conflated in the public mind, and the resulting misattribution of effects to their true causes generates sterile debate and inappropriate policies.

Many of the initiatives of the Clinton administration are geared precisely to some of the deficits described above, and although they apply to people of all ages, they can have the greatest impact when focused on the young. In light of the dominant position of Secretary of Labor Robert Reich in the new administration, and based on his well-publicized views about what's wrong with American productivity, the following issues are likely to be addressed in the near future:

- Working to reduce the high school dropout rate. More than 20 percent of students drop out of high school, and the proportion approaches 50 percent in many inner cities (*America's Choice* 1990). Dropouts are more likely to be unemployed than high school graduates, have longer spells of unemployment, and, if employed, are likely to be found in low-paying jobs with little potential for advancement.

- Addressing basic skill deficiencies. About a fifth of the labor force is deficient in basic reading, writing, arithmetic, and communication skills. In a 1986 survey of adults aged 21–25, 20 percent could not read at an eighth-grade level, and 38 percent could not read at an eleventh-grade level (U.S. Congress 1990). Young people even come out of college substantially deficient in numeracy. All recent international comparisons of verbal and math ability give the United States unfavorable rankings.

- Improving our institutional arrangements to ease the transition from school to work. Unlike virtually every other industrialized society, the United States has no formal program for easing the transition into the labor force for people who do not go to college. Many people spend several years "kicking around" to no discernible purpose, at a tremendous cost of human resources to individuals and the economy.

These initiatives attempt to improve people's access to opportunities to work and earn, rather than focusing on reallocating income after it has been earned, through the tax and transfer system.

The new administration also is committed to several other policies that should improve productivity, reduce inequities, and help redirect the economy to a more self-sustaining growth path. These policies include overhauling the country's health care system to improve access, control costs, and reduce inequities; streamlining technological innovation and dissemination by selectively reducing barriers to cooperative efforts among businesses and between business and government; and promoting infrastructure investments to facilitate transportation, telecommunications, and commerce. All of these will of course cost money and may worsen the deficit in the near term, but the payoff can be enormous in future productivity growth and higher living standards. Finally, deficit reduction is itself a priority of many in both political parties who argue, correctly, that the greatest unkindness we do the young and the unborn is to bequeath them debts we were unwilling to pay.

For once, a rare consensus has evolved as to what to do about some of our most intractable problems arising from this country's underinvestment in human and physical capital. Surveys taken over the past year or so suggest that a majority of Americans appear ready to make some degree of sacrifice to improve matters. All that remains is the political will. The next two decades—when the retirement-age population will barely grow and while the baby boomers are in their prime working years—provide us with a uniquely critical interval in which to take advantage of opportunities to improve U.S. economic performance, to the advantage of Americans of all ages.

Chapter 16

We Should Save More in Our Own Economic Interest

James M. Buchanan

I. Introduction

In several recent efforts, I have argued that the economic well-being of anyone by his or her own standards of evaluation depends in part on willingness of others in the economy to supply work effort to the market (Buchanan 1989, 1991a, 1991b). I have suggested that we do, to some extent, internalize this particular externality through a work ethic. My purpose here is to extend and to apply essentially the same argument to saving and to an ethic of saving.[1]

It will be useful first to summarize briefly the work supply analysis since this may facilitate understanding of the application to saving. Work, defined as the supply of labor input to the market, is a means through which the size of the production-exchange nexus, the market itself, may be quantitatively determined. And the supply of more work by participants in the economy implies a larger economy, a larger market which, in turn, implies that the advantages of division and specialization of labor can be exploited more fully than in a smaller economy. And each of us, in our role as user or consumer of final goods, prefers to live in an economy where more economic value rather than less is available in exchange for any given amount of input effort. We want "more bang for the buck," no matter how many "bucks" we may have accumulated or how many we may earn.

For those among you who are economic sophisticates, the extension of the argument to saving and capital formation may be straightforward. But since even my argument on the effects of the work ethic may not be wholly accepted, especially by my professional economist peers, some variation of the analysis in application to saving may not be out of order here. And again let us keep in mind the statement made by Herbert Spencer (1978)[2] in the preface to his book,

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[1] I have developed the argument in a somewhat modified format in the second lecture of a three-lecture series, "Ethics and Economic Progress," presented at the University of Oklahoma, October 1991.

[2] This edition follows the text of the edition published in New York in 1897 by D. Appleton and Company.

The Principles of Ethics, "Only by varied reiteration can alien conceptions be forced on reluctant minds."

There are, however, important differences between the supply of work and the supply of saving, and in the accompanying ethical norms that may affect individual attitudes toward these margins of choice. My decision to increase the number of hours worked per week is different from my decision to increase the rate of saving out of my current income, both in terms of my own sense of utility or satisfaction and in the ultimate economic effects on others than myself. These differences require examination in some detail.

In Section II, I shall review, very briefly, the origins of the widespread public and professional dissatisfaction with current rates of saving in the United States, and the accompanying normative agreement that saving rates are too low and should be increased. Those who share this view will be initially prejudiced to accept my argument although the ultimate grounding of the norm may remain quite different from that which I shall develop. My own argument that savings may be too low is grounded upon an evaluative judgment of the welfare analytics of individuals' choices rather than on any presumed knowledge of appropriate macroaggregate objectives.

I shall also examine, again briefly, the view that current saving rates are too low, but only because various governmental policies, notably those that involve spending and taxing, discriminate against savings, with the implication that if governmental actions could, in fact, be made neutral between savings and other uses of income, the normative argument in favor of more savings would vanish.

In Section III, it will be necessary to place the whole argument in an appropriately qualified macroeconomic setting. Many of us remain partially trapped in the Keynesian-inspired delusion that fails to make the proper separation between monetary-macro institutional structures and the choices between current and future uses of income. It is this set of Keynesian ideas that is at least partially responsible for the change in attitudes toward saving that has been descriptive of the middle and last decades of this century.

In Section IV, I shall distinguish categorically between the argument that I advance here and that argument which introduces a normative or evaluative judgment concerning our generalized obligations, or lack thereof, to future generations of persons, to posterity as it were. The whole set of issues raised under the rubric of our obligations to the future is both important and intellectually fascinating. But intergenerational ethics is not my subject matter. My argument is advanced in support of the proposition that we should all save more, not for our children's or our grandchildren's sake at all, but in our own multiperiod economic interest. We may, essentially, finesse the intergenerational ethics issues altogether by postulating that the analysis applies to persons with multiperiod time horizons.

Sections II, III, and IV are all preliminary to the central argument, which is explicitly introduced only in Section V. By necessity, the first step in the analysis involves definitional clarification. Just what is saving? And what presuppositions of the analytical models are required to equate an increase in saving with an increase in the size of the market nexus? An elementary excursus into the intricacies of capital theory is dictated. Section VI introduces a summary comparison of the effects of increases in savings and increases in work effort. Section VII examines the internalization of the externality involved in saving choices through ethical constraints. Section VIII looks at alternative means for correction and concludes the paper.

II. How Much "Should" Be Saved?

Much of the current policy discussion about the low rate of aggregate savings in the United States seems to accept, with little critical examination, the notion that there are ways of determining how much we should save in the aggregate. And, by inference, economists-experts can tell us whether current practice meets the exogenously settled standard. Note that in my argument I do not need to be able to say just how much "should" be saved in the aggregate, despite the assertion in my title that we "should" save more than we do. My stance in this respect will seem paradoxical only to those who do not understand or who do not appreciate the individualistic evaluative framework that I try consistently to adopt. I can suggest that individuals, acting strictly in their own interest, should save more than they do when each person acts as if there were no interdependency among separate saving choices. I can advance this argument while at the same time refusing to be drawn into a position that involves evoking some external criterion for deciding what an optimal rate of saving might be. My own methodological paradigm will, perhaps, be more fully evident as the analysis proceeds. For now, I want to examine briefly the claims advanced by those who are quite willing to adjudge the existing savings rate to be lower than some ideal standard that must, presumably, offer the objective for policy.

By almost any measure, aggregate savings in the United States in 1992 are relatively low, both by comparison with savings in other developed countries and with savings in earlier periods of our history. Dispute continually rages among quantitatively inclined economists and econometricians concerning the appropriate procedures for measuring what is desired to be measured when rates of savings are discussed. What items should and should not be included? I do not have either the competence or the interest to take part in such disputes, even indirectly and at second hand.

With reference to the international league tables, and no matter how we measure what it is that we measure, the rate of savings out of current income in the United States falls well below that of other developed countries. Net national savings as a share of total product lies somewhere within the range between 2½ and 5 percent, whereas in Japan this ratio is three to four times as large, roughly in the range of 15 to 18 percent. Developed countries in Europe exhibit aggregate savings rates that fall between these limits. And, historically, the savings rate in the United States has been falling through recent years, except for a possible reversal during 1990 and 1991.

Those who evaluate the macroeconomic performance of whole "national economies" are influenced both by the international comparisons and the historical record. Economies that exhibit low rates of saving do not grow rapidly, and rates of growth, as measured, are widely accepted to be appropriate criteria for national success or failure. But who is to specify whether the savings rate in the United States is "too low" or the savings rate in Japan is "too high"? Some of the confusion on this point is exemplified in the amusing suggestions of American politicians to the effect that the Japanese should be required to relax and go on spending sprees. Stripped to its essentials, the criticism of U.S. savings habits based on vague macroeconomic performance criteria does not seem convincing, despite its widespread popularity.

A somewhat more defensible position is that which adjudges the aggregate savings rate to be too low, but only because of governmental policies that discriminate against the savings behavior of individuals and institutions. The inference is that aggregate savings would increase, and perhaps substantially, if politics did not intervene in the workings of the economy.

This charge is clearly on target to the extent that the net dissaving of the federal government, in the form of its large and persistent budgetary deficits, does, indeed, make up a substantial negative item in the accounts. This item, alone, goes far toward explaining the shortfall in current savings rates below historical trends in the United States. If by some magic the budget deficit could be eliminated, the net savings rate would be substantially higher than it now is. Much the same inference would be drawn, at least by some observers, with reference to the discrimination against savings choices that describe the tax structure, at all levels of government in the United States. On the other hand and as pointed out by still other observers, there are features of the legal-institutional environment in the United States that differentially favor savings and capital formation, as witnessed by limited liability for corporate investment and relatively favorable treatment of intergenerational transfers of wealth.

In any case, it is not necessary that I examine in detail either of the familiar arguments for policy measures designed to increase the aggregate rate of saving. I have noted the existence of such arguments in this section solely for the purpose of suggesting that my central proposition to the effect that we should save more may find acceptance based on reasons that are quite different from those that I advance.

III. The Great Keynesian Delusion

I shall now digress from the main line of discussion in order to forestall possible confusion and misunderstanding that may arise. This misunderstanding may stem from what I shall here call "the great Keynesian delusion" that exerted a significant influence on public, scientific, and political attitudes during several decades of this century. The delusion is named after Lord Keynes, who offered the intellectual-analytical formulation that exerted such major effects on the thinking of economists and policymakers and continues to affect attitudes toward saving behavior even in this last decade of the century.

The central Keynesian proposition was often presented, particularly in elementary economics textbooks, as "the paradox of thrift" or "the paradox of saving." The argument suggested that the efforts of income earners to save more, to save larger shares of current income, might backfire and that, in the net, aggregate savings might fall if too many persons tried to save, due to the feedbacks on the flow of incomes. The so-called fallacy of composition was introduced to explain why individualized choices, separately made, might generate results that may be contrary to those desired by all persons in the nexus.

In order to get some sense of the appeal of the Keynesian proposition here, it is useful to recall the economic-political-institutional environment during the time that the proposition was first articulated. The 1930s were the years of the Great Depression. Almost one-fourth of the American labor force was unemployed during the worst of those years, and the problem was widely interpreted to be a breakdown of the market or capitalist economy and, more specifically, as a failure of this economy to generate a demand for its production sufficiently large to take potential supplies off the market. That is to say, the diagnosis was one that attributed failure to *underconsumption*. Hence the remedy was to be found in *spending*, whether this be private or public.

In this model, the act of saving, which represents a withdrawal from the circular flow of income or an abstinence from spending, exerts negative or undesired effects at the macroeconomic level. Business spending on plant, equipment, inventories, and labor is directly responsive to observed rates of spending on goods and services by individuals, firms, and governments. The Keynesian diagnosis was that saving was excessive rather than deficient; public policies were advocated that would expand rates of spending. Public opinion was urged to shift toward generalized praise for expressed willingness to spend.

This diagnosis, and subsequent prescription, for the macroeconomic illness of the Great Depression were characterized by a tragic failure to recognize the importance of the political-institutional framework, both in providing the environmental setting appropriate for satisfactory macroeconomic performance and in offering corrective offsets to changes in individual propensities to hoard. In the early 1930s the aggregate rate of spending was, indeed, depressed, and desperate measures were needed in order to increase that rate. But the fundamental source of the trouble was wrongly identified in the Keynesian analysis. The source was squarely located in the failure of the monetary authority, the Federal Reserve System, which allowed the supply of money to fall dramatically as the banking-financial crisis deepened, whereas, as we now know, the proper action should have been just the opposite. We now know that almost any policy action would have dictated that the monetary authority maintain stability or even growth in the monetary aggregates. And had this result been ensured, there would have been no Great Depression, as such. The macroeconomy of the United States would have absorbed any temporary shock, including that which originated in the banking structure. The jerry-built Keynesian analysis, which ignored institutional failures, need not have emerged at all.

And, importantly for my purpose here, individual participants in the economy need not have been misled into an acceptance of attitudes that attribute some praiseworthy social status to consumption spending while placing a social stigma of sorts on saving. The whole set of problems that involves monetary-macroeconomic-institutional performance, along with the criteria for success and failure, need not have become mixed up and confused with individuals' choices to spend or to save.

I need not, of course, use this occasion to defend my own analysis and interpretation of either the Great Depression or my criticism of the confusion in the intellectual-analytical responses. I have included this summary section only for the purpose of holding off possible misunderstanding of my enterprise. When I suggest that we should save more, and do so in our own general interest, I am assuming that the institutional framework is such as to allow the effects of private choices to be separated from macroeconomic stability.

IV. Obligations to Future Generations

I need to clear away one more set of extraneous notions before getting to the meat of this paper's theme. To the extent that is possible, I need to divorce my argument from apparently related normative principles that invoke considerations of intergenerational ethics, principles that base saving norms in intergenerational justice, that defend saving behavior and propositions to increase savings in terms of obligations to those who live after that time in which savings decisions are made—that is, future generations. I consider the whole range of questions that concern our obligations to the future, privately or collectively, to be of great importance, and I do not think that moral-ethical philosophers (and economists) have devoted enough attention to such questions. The difficulty of getting analytical "handles" on the problems involved should not be allowed to inhibit intellectual effort.

Within the limits of my enterprise, however, I do not need to resort to the treatment of future generations to justify my argument in support of increasing rates of personal saving beyond those that emerge from the independent choices of persons. To the extent that such intergenerational arguments can be adduced to supplement and support those that I advance, and in particular if such arguments serve to bolster the force of a saving ethic, they become welcome additions to practical efforts to implement my analysis. But the normative distinction between the two sets of arguments must be kept clearly in mind. Arguments that suggest we should save more because we have obligations to future generations that are not fully reflected in current choices to save necessarily introduce interpersonal and intergenerational comparisons of utilities, comparisons that my argument avoids, as later discussion will indicate.

Consider an individual who makes an independent and wholly voluntary choice to save, say, five dollars out of each one hundred dollars of income earned. In the standard theory of choice, we should say that, at the margin between spending and saving, this person secures an anticipated utility from a dollar's worth of saving that is equal to that anticipated from a dollar's worth of spending. To say that such a person should save more because by so doing the utility of those who may come along later, the children or grandchildren of the individual who saves or those of others, will be increased is to presume somehow that the interests of these future members are not accurately taken into account in current savings choices. But who is to judge and on what criteria? How are the utilities of those in the future to be measured and put up against the utilities of the individual who makes the current choices?

A crude utilitarian calculus may even be adduced to suggest that, rather than saving more, persons who are now living should actually save less if the economy is expected to continue to grow through time, and for exogenous reasons, income levels per person promise to be higher in future periods than those levels now observed. Hence, naive utilitarianism might suggest that, on simple egalitarian or redistributive norms, persons now living should, to the extent possible, receive transfers from those who will live later, rather than the reverse. Hence, some downward adjustment in freely chosen rates of savings might be contemplated, including the dissaving represented by the government's budget deficits.

This last argument may seem bizarre, but I introduce it here only to indicate that any effort to justify increased rates of saving out of current income because of concern for future generations may backfire. Intergenerational ethics should concern us. But if we can construct an argument for more saving without resorting to intergenerational comparisons, we remain that much ahead of a very complex game.

V. *Saving, Capital, and the Extent of the Market*

I am now at the point where I can begin to develop my central proposition. But first let me summarize what I have already said here: I have disengaged the discussion from the macroeconomic policy debates about the alleged low rates of savings; I have warned against mixing the savings choices made by individuals and the overall performance characteristics of macromonetary institutions; and I have suggested that concerns about obligations to future generations are irrelevant to my argument.

What, then, is my argument all about? In one sense, the proposition is very simple but in another sense it is quite complex. Simply put, the proposition states that the act of saving allows for a release of resources into the production of capital rather than consumer goods. This increase in capital inputs into the market operates in essentially the same fashion as an increase in the supply of labor inputs. The increase in capital expands the size of the economy and this, in turn, allows for an increased exploitation of the division and specialization of resources. The economic value of output per unit of input expands, and this result ensures that all persons in the economic nexus, whether they be workers, savers, or consumers, are made better off and on their own terms.

This summary statement of the proposition is accurate, but it does slide by several subsidiary steps in the analysis that must be clarified. When considered at an individual level, just what is involved in an act of saving? To save is not to spend. The flow of income received by an individual allows for voluntary disposition into two composite categories: (1) spending on purchases of final or end-items of consumption and (2) saving. In a real sense, savings are a residual; they measure the amount of income left over after spending on goods and services. But what form does this savings take? The individual does not simply withdraw purchasing power from the circular income flow of the economy. The funds saved are allowed to return to the circular flow by being made available to those persons and institutions who utilize them to purchase *capital goods*.

(In the simplest model, we could think of the same person acting in both the saving and the investing roles here. Robinson Crusoe saves by foregoing the gathering of coconuts long enough to build the fishing net, a capital good. As we know, however, much of the whole Keynesian analysis was based on the recognition that the act of saving is not equivalent to the act of investment and that different persons may play different roles. It seems best, therefore, to think initially in terms of the institutional arrangements that allow funds saved by an individual to become available to those who actually carry out the purchases of capital goods separately. If the macromonetary framework is in place, and if these institutions function properly, an act of saving will find its accompaniment in an act of capital goods purchase. A dollar of new saving, a dollar not spent on purchasing final goods and services, allows for a dollar's purchase of capital goods.)

At first pass, there might seem to be no effect on the inclusive size of the economic nexus in a switch from the purchase of a consumption good to the purchase of a capital good. There would, of course, be a change in the composition of production as the allocation of resources responds to the shift in demands. If persons increase their rates of saving from current income, with offsetting reductions in consumption spending, the economy responds by generating expanded quantities of capital goods and reduced quantities of consumption goods. The aggregate size of the production-exchange nexus would not seem to be modified in the process. The shift to more saving does not seem, at first pass, to be at all analogous to the shift from nonwork to work, which does, and directly, expand the size of the economic or market nexus at the expense of the nonmarket sector.

This first pass account, however, overlooks a fundamental feature of economic life, the *productivity of capital*. If that which is purchased as a result of the release of funds from the outlay on consumption goods and services should be nothing more than storable quantities of the latter, there would be no net increase in the size of the economy as a result of the behavioral change. But capital goods are not properly modeled as consumption goods in stored form. Capital goods are instruments, or tools, that are used ultimately in the production of final goods. Capital goods are inputs into the production processes.

The essential characteristic of capital, as an abstract notion, is that it is *productive*. The precise meaning of the word "productive" in the sense used here must be clarified, especially since its application to capital goods has been the source of much confusion in the history of economic ideas. Loosely speaking, any input that is transformed into valued output is "productive"; the input is employed to a valued purpose. But this general usage is not what is meant by the term "productive" in the sense required for the analysis here. To say that capital is "productive" is to say that the value produced by the employment of capital is greater than the value that is given up or sacrificed in the production or acquisition of capital. That is to say, capital goods produce a *surplus*, over and beyond their cost of production. This productive surplus is, however, generated only in *time*. (The immediate transformation of a purchased capital good into current consumption goods would not, of course, yield any surplus at all.) This productivity through time, and only through time, has caused many economists to attribute the net productivity to time itself rather than to the attributes of capital, with undue intellectual confusion in the process. The elementary fact is that, if used through time, capital goods yield a surplus over and above the return required to amortize fully the initial value of the outlay. The investment of a dollar today yields a productive return of say, 5 percent, over a year's time for a gross return of $1.05.

This simple numerical example makes my point. The economy, one year hence, is larger by five cents than the economy today, when the decision is made to save and to invest the additional dollar, to withdraw this dollar from the spending on consumption goods. And, when the economy next year increases in size, there can be increased prospects for specialization in resource use, with the resultant effects traced out in the earlier lecture.

It may, nonetheless, be useful to trace out these effects in specific application to savings choices. Return to the numerical example above. The person who chooses to save the extra dollar today does so in the full expectation that he or she will receive $1.05 a year from today. One motivation for the saving in the first place is surely the knowledge of the opportunity to secure a larger value in the future than the value that must be given up today, as measured in the sacrifice currently of consumption goods and services. But how do *others* in the economy benefit from the saving decision of that person who does, today, withdraw the additional dollar from the stream of consumption spending? In terms of the example, it would seem that the person who saves, and this person alone, gets the full return on the investment that the saving makes possible, the full surplus generated by the productivity of capital over time. The 5 percent return over the initial outlay is owed to, and paid to, the person who sets aside the dollar, who abstains from consuming in exchange for the opportunity to increase his or her income next year.

As with the work supply externality, however, there exist spillover benefits from the saving decision. As noted, the economy, as measured by the total value of product, becomes larger by the size of the increment to value reflected in the net product of the capital investment that the initial act of saving makes possible. To be sure, the additional sources available for spending, on both consumer and capital goods, in the second year must come from the person who first saves and later receives this net return. But this person, in the second year, is able to return $1.05 to the consumption spending or the capital spending stream or both, which becomes the demand for goods and services produced in the economy. And an economy that is larger, if even by five cents, is able to exploit more fully the advantages of specialization in resource usage. Put the one additional savings dollar together with others that reflect like decisions on the part of many persons, and somewhere a technology that was just on the margin of economic viability may be pushed beyond the threshold of survivability.

The analysis of saving is on all fours with that which I have discussed in application to the supply of additional labor, in the form of harder work. Individual participants in an economy, through their own choices of work-versus-leisure in the one case and spending-versus-saving in the other, can increase their own economic well-being by acting in such fashion as to incorporate in their own behavior the interdependencies among their separately made choices in supplying both labor and saving inputs to the market.

VI. A Dollar Saved Is a Dollar Earned: A Quantitative Comparison

A dollar's saving represents an initial withdrawal from the consumption spending stream, which makes possible a dollar's addition to the demand for and purchase of capital goods. The increase in the measured size of the economy occurs only because capital is productive. In the next period, the economy is larger by the amount of the net product of capital, that is the return over and above full depreciation. This simple analysis seems to suggest that a new dollar of savings is much less effective in generating an increase in the size of the economy than a new dollar earned as a result of an expansion in the quantity of hours worked. The latter expands the size of the production-exchange nexus by a full dollar's worth, whereas a new dollar of savings expands the nexus in the next period by only, say, five cents.

The simple analysis in this respect is, however, quite misleading because it overlooks the fact that capital, once created, is *permanent,* in an economic value sense. A dollar of new savings, today, makes possible an increase in investment in productive capital that will yield a return over and above full depreciation, not only in the first period after the initial increment to saving-investment, but in *all* future periods. Hence, the present discounted value of the increase in the size of the economic nexus that is generated by a new dollar of savings is a dollar (assuming that the investment yields the average rate of return, and that this rate of return is also the rate of interest at which yields are discounted). In present value terms, therefore, the dollar of new savings is in effect quantitatively the same as the dollar of new earnings from an increase in work supplied to the market.

VII. Internalization Through an Ethic of Saving

My enterprise is primarily positive in the scientific meaning of this term. My purpose is that of demonstrating that an ethic of saving, a basic component of that set of attitudes often summarized under the rubric "Puritan ethics," retains economic content, even in this last decade of the century. That is to say, to the extent that these ethical constraints exist and continue to influence individual choice behavior, we are better off than we would be in their total absence. And, in this summary statement, as elsewhere, I use the term "better off" strictly with reference to individuals' own evaluations rather than my own or any other set of standards.

In the parlance of modern (Paretian) welfare economics, we *internalize* the externality of or the interdependency among our separate decisions to save through the presence in our psyche of a set of ethical constraints that dictate that we save more than our "naked preferences" might indicate to us. The strengths of these ethical constraints, and hence the degree to which they actually influence choice behavior will, of course, vary from one person to another, among differing social environments and also will not remain constant over time. I have suggested elsewhere that I sense some erosion in the strength of the work ethic, with predictable consequences.

In this respect, my concern with an erosion of the saving ethic is even more acute. Among large numbers of the American labor force, despite some erosion, a work ethic remains strong. But the observed decline in the aggregate rate of net national savings in the United States cannot be denied. And, once again, the consequences for our own well-being should be clear. We must become poorer; in our own terms, as we save less, our economy fails to grow as fast as higher rates of savings might make possible. And this verdict applies to everyone in the economy, quite independently of where a person is located in the intergenerational chain described by positive and negative bequests.

It is relatively easy to identify several sources of erosion in the strength of the saving ethic. I have already discussed briefly the Keynesian interpretation of the events of the 1930s, a diagnosis that elevated the "paradox of thrift" to center stage in the attention of economists, and that surely, with some time lag, influenced the behavior of politicians in their institutional treatment of incentives. In addition, the social stigma attached to saving behavior has presumably exerted some effect, however slight, on personal spending habits. Financial innovations that have made it easier to spend, especially from income not yet earned, have allowed persons to dissave more readily, thereby making it harder for positive saving to offset negative entries on national balance sheets.

A somewhat related, but largely independent, development has modified the structure of savings incentives, quite apart from any direct operation of ethical constraints. I refer to the emergence of the welfare-transfer state during the course of this century. A shorthand description might classify this development as the politicization or collectivization of that element in saving that had previously been motivated both by life-cycle and intergenerational bequest consideration. Politicized schemes for social insurance against income loss during retirement years are the institutional embodiments of these changes. As experience suggests, governments have proved willing to issue promises to ensure retirement income support, but they have generally been unwilling to levy taxes for the purpose of accumulating earning assets sufficient to cover future costs. In effect, the Social Security system, the system for meeting retirement income needs, has been financed from current income flows rather than from productive capital investment.

As a participant in the politicized system, the individual is motivated to reduce those savings that might have otherwise been set aside to secure income flows during retirement years. This result need not accompany politicization of a retirement or pension scheme. But such a neutral effect on aggregate savings would be produced only if the collectivized scheme is, itself, maintained on some actuarially sound basis. The failure of democratically elected legislatures to take steps to accumulate fund balances sufficient to meet pension obligations has been characteristic of the American system since its inception in the 1930s.

In a more general sense, and beyond any politicization of what might be called the organization of individualized accounts, the dramatic increase in the transfer sector of the economy has undermined incentives to save and to invest. To the extent that persons are led to expect that governmental transfer payments will be available to them as members of this or that group who qualify for eligibility as a consequence of this or that event or circumstance, their planning against many contingencies need not occur. The "cradle to grave" security promised in the idealized slogan of the welfare-transfer state stands as an open invitation to the individual to live "hand to mouth," almost as a direct complement to the politicization of transfers.

Superimposed on the emergence of the welfare-transfer state in this century was the experience of inflation, especially during the 1970s. Even for those persons who desire to carry out individualized savings plans for life-cycle, bequest, or other motives, inflationary expectations make real saving difficult. Monetary instruments carry no assurance of maintaining real value through time, and precepts of rational choice behavior dictate shifts of demand to real goods, with a clear bias toward items of consumption, current or durable. And consumer durables, although they yield benefits over time, do not qualify as productive capital in the analysis sketched out earlier.

The family, as a cohesive unit that extends beyond the lives of its individual members and which becomes the institutional base for intergenerational transmission of accumulated wealth (capital value), has become less important in our whole scheme of social interaction. Even the limited ethical constraint that sometimes instructed members of wealthy families not to "eat up the capital" has lost much of its influence.

The list of causes for shifts in behavior toward consumption spending and away from saving could be extended. But the analysis here is limited largely to a partial explanation of the effects of the shifts rather than of the causes.

VIII. Alternatives to Restoring a Saving Ethic

In the United States of 1992, it is probably not fully rational for the individual, or the family unit, to save more than a somewhat limited share of income, a share sufficient to meet personal contingencies that do not, as yet, qualify for subsidization under welfare-transfer programs. If residues of an old-fashioned, Puritan-style ethic cause persons to save more than the objective elements in their individualized choice settings dictate to be rational in some strict sense, we all benefit by way of the external effects traced out earlier. But it should be clear that the force of any such ethical norm will continue to erode further in the face of continuing, and possibly still accelerating, shifts in incentive structures. "The state will take care of you"—this is the hymn of modernity. Why should we expect, from an ethics or any other standpoint, individuals to save much at all?

The interesting feature of the political environment of the early 1990s is that there seems to be a developing recognition of the effects of the low savings rate on economic growth and also an acknowledgment that the incentive structure of the tax-transfer system (along with the budget deficit) is a relevant causal factor. It is not out of the range of plausible prediction to suggest that, sometime during the 1990s, we may observe attempts at *political internalization* of the interdependencies among individual saving choices. This political alternative to ethical correction could not be predicted with respect to the work supply externality. Hence, in this respect at least, an *ethic* of work continues to be more important than an ethic of saving. But, in one sense, political action aimed at restoring incentives to save and invest, although not taking the form of imposing ethical constraints on individual choice at all, may reflect at least an indirect recognition of the economic interdependencies stressed here.

Another way of making this same point is to say that the whole nest of concerns about the low rates of aggregate savings, by international or historical standards of comparison, that seem to be grounded in criteria of macroeconomic performance, such as measured rates of growth, may ultimately be grounded in some implicit and inarticulated acceptance of the analysis that I have tried to outline here. Or, as perhaps is more likely, we may get political action designed to increase rates of savings for reasons that are unrelated to the arguments here advanced, reasons that may be based on incorrect analytical foundations. Be that as it may, any effective measures to increase saving may, within limits, be analytically grounded on considerations of our own interests, and efforts to elaborate our understanding of the economic interdependencies among our separated saving choices can proceed in tandem with practical steps toward reform in the incentive structures.

Chapter 17

Discussions

Comments on Cohen's "Majority Vote and A Just Age for Greed"

William G. Gale

Lee Cohen's paper examines whether U.S. society is or has been just across generations. At the outset, this should be noted to be an extremely ambitious and very interesting proposition.

The line of argument in this paper has several components. First, a model is developed to examine how and how many public educational transfers would occur under a certain set of assumptions. Second, the model's implications are examined using U.S. data for 1970 and 1988. Third, the notion that the outcome of a majority voting rule represents a just allocation is introduced. Fourth, the results of the empirical model are interpreted in terms of the model and the definition of a just allocation.

The underlying framework posits a model where, in the first period, contributions of an older worker to a pension fund are invested in the education of a young person. Increased education raises the young person's contributions to the pension fund in the next period. Under the assumption that the pension plan is partially funded, the increased contributions raise the retirement income of the older person, who is retired in the next period. The older worker thus faces a choice in the first period: invest funds in the pension or in a market asset earning the risk-free rate. The gist of the model is that the older worker, acting selfishly, will choose the option with the higher rate of return.

The paper then compares predictions of the model to actual data. The predictions of the model are based on the increased return to education from a person completing the twelfth year of high school. Given this assumption, the twelfth year of education should not have been funded in 1970, but should have been (and, of course, was) funded in 1988. The conclusion is that in 1970 transfers unjustly favored the young, whereas in 1988 the majority could rationally support funding the twelfth year of education.

The paper raises at least two very interesting issues. The first, not addressed explicitly, is the idea that intergenerational transactions need not be of a zero-sum nature. Older workers, by investing their funds in pensions, obtain a higher rate of return than from other investments and help finance public education, which raises the productivity of younger workers. While one would want to trace out the net effects of these types of transactions through a general equilibrium framework, it seems reasonable at this stage to claim that it is clearly feasible for intergenerational "conflict" to result in making each generation better off. Given the coming primacy of intergenerational issues in future public policy making, this is perhaps comforting.

The second issue is whether a selfish voting model with changing age structure of voters can help explain the changing distribution of net transfers from young to old. However, for several reasons, I do not find the results or the interpretation in terms of intergenerational justice convincing.

First, measuring the flow of intergenerational transfers is difficult. Transfers can occur through a variety of public expenditure programs (for example, Medicare), through changes in tax policy (for example, a shift from an income tax base to a consumption tax base), or through changes in private transfers. Transfers can also occur through changing the level of funding for years one to eleven of education or for years thirteen and beyond. In short, by focusing only on the twelfth year of public education, the paper looks at a minuscule fraction of the public and private intergenerational transfers that actually occur in any given year. Thus, even if "too much" education is being provided, that could in fact be offset by "too little" of other transfers to the young. A more appropriate focus, therefore, would be on *net* public transfers across generations. In addition, one would like to consider how shifts in private transfers across generations might neutralize or enhance shifts in public transfers.

Second, the description of the link between pensions and education in the model is very different from that in the real world. Older worker/investors do not actually face the choice posed in the model, so it is difficult to see how the implications of the model relate to real world outcomes.

Third, the results are interpreted assuming that the outcome of majority voting rules represents a just allocation of resources. It is difficult to see how majority voting is a fair outcome in an intergenerational context. Measures of fair or equitable distributions of resources typically depend on the relative endowments, or in this case on productivity growth. Thus, if one generation were born into a much better off society than the previous generation was, I would expect a fair allocation of resources to transfer to the poorer generation. Majority voting provides no guarantee that this will occur.

In addition, majority voting can create cycling among outcomes. Suppose there are three groups: the young who want education, the middle aged who want housing subsidies, and the old who want retirement benefits. Under some sets of circumstances, any two of those groups can outvote the other. In those cases, no stable majority rule outcome exists. Nevertheless, observers may still have opinions about whether particular allocations are just.

Finally, the most difficult issue regarding majority voting as generating just intergenerational allocations is that many of the generations affected by current policy decisions (those alive and younger than 18 and those not yet born) do not have the right to vote. It is difficult to see how these people are being treated justly by a selfish majority voting system.

Comment on Buchanan: Do We Save Too Little?

David Friedman

I take it that Professor Buchanan's point is very simple, and concerns not justice but prudence, how we ought together to act in our joint interest. Saving has a positive externality because it increases the size of the economy, and increasing the size of the economy produces gains through increased division of labor, gains from trade, and the like. Orthodox neoclassical economics fails to take account of such effects, and thus reaches the incorrect conclusion that the privately chosen level of savings will be socially optimal.

But the framework within which orthodox neoclassical economics is used to argue that private costs are equal to social costs, and the outcome of private decisions is therefore efficient, is the textbook model of perfect competition. In that model, the phenomenon discussed in Professor Buchanan's paper does not exist. In the perfectly competitive model, every industry has an infinite number of firms of optimal size. If doubling the economy brought a new industry into existence, it too would have an infinite number of firms of optimal size. So there is no need to double the economy in order to have the new industry—we can keep the economy at its present size and bring the industry into existence with half an infinite number of firms. Within the perfectly competitive model increasing the size of the economy does not produce gains, so the argument that Professor Buchanan offers for an inefficiently low level of private savings does not work.

The natural response is that the argument is in part a criticism of the model. Perfect competition is not a perfect description of economic reality. To see why, suppose we take the model literally, and scale things down a little. We build a mile high wall around the Washington Court Hotel, plow up the lawn and plant it with wheat. We now have an economy about one-millionth the size of the present United States. Every industry has one-millionth of an infinite number of firms, which is still infinity, so nothing has changed.

Obviously, that is wrong. We would be a good deal worse off after building the wall, in part because we could not maintain our present division of labor on quite that small a scale. So there is some size of economy for which the model is wrong and the Buchanan argument is correct.

But if you are going to drop the simplified assumptions of the model, it seems a little unfair to drop them selectively. While there are respects in which increasing the size of the economy produces gains, there are other respects in which it produces costs. There may well be economies of scale external to the firm but internal to the economy, but there may also be diseconomies.

Recently, diseconomies of scale, ways in which increasing the size of the economy imposes negative consequences, have gotten a lot of attention. Pollution is the most fashionable example, but there are others. For instance one can argue, and I think Professor Buchanan has argued, that there are important ways in which it becomes harder for political institutions to work well the larger they become. In the present state of the world, economies have to interact with the states that tax and regulate them, so a growth in the size of the economy means a growth in the size and complexity of the state and, arguably, a decline in its performance.

It is special pleading simply to add up the externalities of one sign, ignore those of the other, conclude that increasing the size of the economy produces a net gain, and deduce that we are not saving enough—which is, it seems to me, what Professor Buchanan is doing. His argument does not tell us whether the gains from increasing the size of the economy are larger or smaller than the costs, whether the positive externalities are bigger than the negative externalities, so it does not tell us whether we are saving too much or too little. Even if we ignore the negative externalities, his argument does not tell us how large the social benefit from the increase in the size of the economy due to more saving is compared to the private costs and benefits of saving, so even if we accept the conclusion that we are saving too little, we do not know if the deviation is large or trivial.

After I finished reading his paper, it occurred to me that I had read it before, about twenty years ago. The author was different, the author's political views were very different, and the conclusion was almost the reverse of the conclusion reached here, but the essential form of the argument was the same.

The standard argument for restricting population, the argument associated with "Limits to Growth," "ZPG," and similar phrases, used precisely the same device as the argument Professor Buchanan offers for encouraging savings. The crucial step was the selective enumeration of externalities. The author would add up all the negative effects that one person having another child has on other people while leaving out all the positive effects, and he would conclude that we are having too many children.[1] Professor Buchanan's paper is essentially the same argument, with the negative effects instead of the positive effects left out, and applied to economic growth rather than to population growth.

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[1] I discussed this point in an essay published twenty years ago, where I tried to estimate both the positive and negative externalities from producing a child and concluded that it was unclear whether the net externality was positive or negative.

People, Countries, and Worlds

So far I have been criticizing the claim that we have reason to believe the private rate of saving is inefficiently low. I would now like to suppose that the claim is correct, and see what follows. I think there are some interesting implications of the argument that are not considered in the paper.

If the argument is correct, there is a positive externality to saving. After I have saved up to my private optimum there are still further gains to the economy as a whole from additional savings. But the economy as a whole is not the United States of America. We live in a large world, and we take advantage of specialization and gains from trade not only within our borders but also outside of them.

The private gains and costs to saving by Americans are costs and gains to Americans, but the external gain is shared with the rest of the world. So the same argument that suggests that the world economy continues to gain by additional saving beyond the point where the individual saver loses also implies that the world as a whole gains by additional saving in the United States beyond the point where the United States as a whole loses. If Professor Buchanan is right, we should be in favor of all other countries saving in order to increase the size of the world economy while we, if we can get away with it, happily enjoy a free ride on their savings. One possible conclusion from his argument is that we are doing it right and that the Japanese, with their much higher saving rate, are sacrificing themselves in order to increase the size of the world economy for our benefit.

There was one other point that struck me about the paper, perhaps because I had just been reading about norms in Robert Ellickson's (1991) interesting new book. Professor Buchanan seemed to be suggesting that perhaps the reason we have, or used to have, a social norm in favor of saving is that such a norm was the way in which society solved the problem that he described of inefficiently low private savings. That raises the question of how such a norm could be created and maintained. Ellickson argues persuasively that close-knit groups tend to evolve efficient systems of norms. But a norm in favor of saving, if we accept Professor Buchanan's argument, injures the individual for the benefit of the world economy, and the world is not a close-knit group.

It is hard to see how, if the argument is correct, these norms could have evolved. Any small group represents a trivial fraction of the world economy, so the norms are desirable only from the standpoint of very large groups of people. In order to create and maintain them, you need a mechanism which not only persuades the individual to sacrifice himself or herself for the benefit of the family, but also persuades the family to sacrifice itself for the benefit of the county.

Even that is not enough. The county must be sacrificing itself for the benefit of the state, the state for the nation, and somehow—perhaps because the Secretary General of the United Nations is whispering in the U.S. president's ear in order to get him to behave efficiently—the nation is sacrificing itself, saving at more than its optimal rate, for the benefit of the world. That does not strike me as very plausible. I conclude that while it may be true that our society has, or used to have, norms in favor of saving, and it may be true that the privately optimal level of saving is socially suboptimal from the standpoint of the world as a whole, it is unlikely that the two facts, if they are facts, are connected. If norms in favor of saving are a response to a divergence between privately and socially optimal levels of saving, the relevant society must be a small one—a family, perhaps a village, but not a world.

Professor Buchanan's paper points out one respect in which saving may produce a positive externality, and thus one reason to believe that we are saving at less than the optimum rate. But doing so only adds one more item to a long list of reasons why abandoning our well-understood first approximation model of an economy—perfect competition—might change our conclusion in any of a variety of directions. Even if his argument is correct, its implications are still not clear regarding how the United States should behave in its own interests, or regarding how the United States behaved in the past.

Closing Remarks

John Rother

My life has been in politics, working around programs of concern to older people and human services programs. I find this whole debate on justice between generations to be a remarkable phenomenon with real political implications. I have three thoughts I want to share on these implications.

The first is that the incredible irony of this issue is that it is really a function of our success. Our success has been pronounced in improving economic security for one of the most vulnerable parts of our population, the older population. And because we have done well there, the issue is being raised of fairness compared to other vulnerable parts of the population. I think it is quite ironic that for some of those persons raising the issue, the prescription is to turn our back on some of our achievements, rather than to share those achievements and share those lessons more broadly with other vulnerable persons.

A second observation is that the whole issue of justice is more important and becomes more acute when there is economic scarcity, perceived limitations on opportunity, and growing heterogeneity. We feel threatened, and that raises the issue of justice in the sense of how our finite resources are allocated. It is perhaps not surprising that this issue would come to the fore after greater and greater perception of limits on our economy, on our opportunities as individuals, and on our opportunities as generations. I think that the focus on finite resources limits our perspective on what is the most important question. For the key issue is not how the pie is divided, but whether the actions we take today will be wise over the long run; whether our investments are prudent in their care both for past and for future generations. For me, that concept comes down to the idea of reciprocity. We do have a larger obligation beyond our own individual self-interests: we are part of a family, we are part of a community, part of a nation, and part of the human race. We do have reciprocal obligations across all kinds of different categories, and certainly one of those categories is age. It is not only a question of justice, ultimately it is how we answer the question of what kind of society do we want to live in?

I think this fundamental question has immediate implications politically for health care and for constraining the increases in health care costs. It has immediate implications for productivity growth and the things we need to do and the things we know how to do to increase productivity. It has implications for environmental protection and for the kind of physical legacy that we will be leaving, and it has implications for policies in support of the family.

My third observation is that the whole issue of generational justice ultimately is one that reminds us of our obligation to act for the benefit of the future as well as to act in fairness toward each other. I believe that generational justice is a positive concept even though it is not always used that way. This book has done quite a bit to advance a more positive framework and deepen the understanding of a very difficult issue.

I want to thank Lee Cohen particularly for organizing and for pulling together the conference upon which this book is based. I also would like to thank other members of the public policy staff at AARP, particularly John Gist, Clare Hushbeck, and Sara Rix for providing some of the ideas and doing the work to make this possible. Thanks, also, to Andy Achenbaum for his help, in pulling ideas for speakers together, and thanks to the National Academy for Social Insurance and Generations United for making their membership list available to us.

I hope this is the beginning of a challenge that is going to involve a lot more people than just the people in this room. I hope that we can make it a positive challenge and one that can make our actions today more wise, more reciprocal, and ultimately lead to real progress toward justice across generations.

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